

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT NO. 2394.

LISTED SEPTEMBER 8, 1969.  
775,150 Shares without par value of which  
50,000 are subject to issuance.  
Stock Symbol "LDM".  
Post Section 1.1.  
Dial Quotation No. 2297.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

LAIDLAW MOTORWAYS LIMITED

Incorporated under the laws of the Province of Ontario  
by Letters Patent dated April 27th, 1966.

CAPITALIZATION AS AT JUNE 30, 1969.

	AUTHORIZED	ISSUED AND OUTSTANDING JUNE 30, 1969	TO BE LISTED
CAPITAL STOCK			
Shares without par value (1) ....	2,000,000	725,150	775,150
LONG-TERM DEBT			
Bank loans secured (2) ....		35,302	
Conditional sales contracts and chattel mortgages (3) ....		524,143	
Mortgages payable (4) ....		79,408	
Sinking Fund Debentures, 7½ % Series A ....	1,000,000	1,000,000	

Notes:

- (1) 50,000 shares will be reserved for the exercise of the Share Purchase Warrants accompanying the 7½ % Sinking Fund Debentures, Series A.
- (2) Book debts have been pledged as security.
- (3) Indebtedness created in connection with the purchase of automotive equipment and secured by mortgages and liens on such equipment, maturing not later than 1974 and bearing interest at rates varying from 6% to 13% per annum with a present average rate of approximately 8.45% per annum.
- (4) Indebtedness created in connection with the purchase or other acquisition of lands and terminal facilities secured by mortgages of such properties maturing not later than 1971 and bearing interest at rates varying from 6% to 9½ % per annum with a present average rate of 8.43% per annum.

1. APPLICATION

LAIDLAW MOTORWAYS LIMITED (the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 775,150 shares without par value of the Company, of which 725,150 shares are issued and outstanding and for authority to add to the list 50,000 shares upon the exercise of the Share Purchase Warrants accompanying the 7½ % Sinking Fund Debentures, Series A, due June 15th, 1989.

2. REFERENCE TO PROSPECTUS

Reference is hereby made to the attached Prospectus issued by the Company under date of May 21, 1969, with respect to the offering of \$1,000,000 7½ % Sinking Fund Debentures, Series A, due June 15, 1989, with Share Purchase Warrants and 200,000 shares without par value, a copy of which Prospectus is hereby incorporated in this application and made part thereof.

3. SHARES ISSUED DURING LAST TEN YEARS

Date of Issue	Number of Shares Issued	Amount Realized Per Share	Total Amount Realized	Purpose of Issue
April 27, 1966	600,150 (1)	\$ 0.01333	\$ 8,002	Shares issued on amalgamation of predecessor companies
April 27, 1966	438 preference (2)	\$100.00	\$ 43,800	
May 21, 1969	125,000	\$ 2.82	\$352,500 (3)	See "Use of Proceeds" on page 7 of attached Prospectus



Notes:

- (1) Adjusted to reflect subdivision on a 75-for-1 basis on April 25, 1969.
- (2) 140 Preference shares were purchased for cancellation April 27, 1966, and 298 purchased for cancellation December 31, 1968.
- (3) After deducting underwriting commission of \$22,500.

4. SUBSIDIARY COMPANIES

Laidlaw Transport Limited, incorporated as an Ontario private company by letters patent dated July 8, 1958, with an authorized capital of 27,000 preference shares with a par value of \$10 each and 3,000 no par value common shares, of which 1,250 preference and 3,000 common shares are outstanding and owned by the Company. Canal Cartage (1968) Limited was incorporated as an Ontario private company by letters patent dated April 19, 1968, with an authorized capital of 3,600 preference shares with a par value of \$10 each and 4,000 no par value common shares, of which 3 common shares are outstanding and owned by the Company.

Each Company is engaged in the transportation business.

5. FUNDED DEBT

For information with respect to the consolidated funded debt of the Company, reference is made to page 7 of the attached Prospectus.

6. OPTIONS, UNDERWRITINGS, ETC.

There are no outstanding options, underwritings, sale agreements or other contracts or agreements of a like nature with respect to any unissued shares or issued shares held for the benefit of the Company.

7. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company or its subsidiaries listed on any other Stock Exchange.

8. STATUS UNDER SECURITIES ACTS

The 200,000 shares of the Company offered for sale by the attached Prospectus were qualified for sale to the public through registered brokers in each of the Provinces of Canada except Prince Edward Island and Newfoundland.

9. FISCAL YEAR

The fiscal year of the Company ends August 31st in each year.

10. ANNUAL MEETINGS

The by-laws of the Company provide that the annual meetings of the shareholders of the Company shall be held at such time and place in each year as the Board of Directors shall from time to time determine. The last annual meeting of the shareholders of the Company was held on May 8th, 1968, and subsequently a special general meeting of the shareholders of the Company was held on May 21st, 1969.

11. HEAD OFFICE

The head office of the Company is located at the Township of Oneida, Ontario.

12. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the shares of the Company is Guaranty Trust Company of Canada at its principal offices located in Hamilton, Toronto and Montreal.

13. TRANSFER FEE

No fee is charged on share transfers other than the customary government share transfer taxes.

14. AUDITORS

The Company's auditors are McDonald, Currie & Co., Chartered Accountants, 105 Main Street East, Hamilton, Ontario.

15. DIRECTORS AND OFFICERS

The names and home addresses of the directors and officers of the Company, the positions and offices held by each, and their principal occupations for the past five years are as follows:

<u>Name</u>	<u>Office</u>	<u>Principal Occupation</u>
Michael George DeGroote, 128 Judith Crescent, Ancaster, Ontario	President and Director	President, Laidlaw Motorways Limited.
Robert Glenn Groom, Q.C., 415 Broadway, Tilsonburg, Ontario	Director	Barrister and Solicitor.

<u>Name</u>	<u>Office</u>	<u>Principal Occupation</u>
Benjamin Raxlen, M.D., 12 Edmund Avenue, Toronto, Ontario	Director	Treasurer, Doctors Hospital, Toronto.
Brian John Reid, C.A., 114 Aberdeen Avenue, Hamilton, Ontario	Treasurer	Chief Financial Officer, Laidlaw Motorways Limited since May 1, 1967. From April, 1966 to April, 1967, was employed by McDonald, Currie & Co., Chartered Accountants. Prior to April, 1966, he was employed by Crew, Turnbull & Co., Chartered Accountants, England.
Jeromy Richard Ruty, 582 Deborah Crescent, Burlington, Ontario	Secretary & Director	Partner, Evans, Ruty & Husband, Corporate counsel for Laidlaw Motorways Limited.
Halliwell Soule, Q.C., 587 Sharalin Court, Burlington, Ontario	Vice-President and Director	President, Hamilton Trust & Savings Corporation.

16.

#### CERTIFICATE

Pursuant to a resolution duly passed by the Board of Directors, the applicant Company hereby applies for listing the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

#### LAIDLAW MOTORWAYS LIMITED

by: "M. G. DEGROOTE",

President

by: "J. R. RUTTY",

Secretary



Dated August 11th, 1969.

17.

#### CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

#### DOMINION SECURITIES CORPORATION LIMITED

by: "G. S. DEMBROSKI"

#### DISTRIBUTION OF CAPITAL STOCK AS OF JULY 2nd, 1969

Number		Shares
20	Holders of 1 — 24 share lots .....	289
34	" " 25 — 99 " " .....	1,775
116	" " 100 — 199 " " .....	11,870
84	" " 200 — 299 " " .....	16,960
23	" " 300 — 399 " " .....	7,130
13	" " 400 — 499 " " .....	5,250
26	" " 500 — 999 " " .....	16,220
45	" " 1000 — up " " .....	665,656
<u>361</u>	Shareholders	<u>Total shares 725,150</u>



# FINANCIAL STATEMENTS

## LAIDLAW MOTORWAYS LIMITED

### AND SUBSIDIARY COMPANIES

(Note 1)

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 1969

(Unaudited)

#### ASSETS

	\$
<b>CURRENT ASSETS</b>	
Cash .....	795,561
Trade accounts receivable (note 2) .....	764,438
Other accounts receivable .....	21,612
Inventory—at the lower of cost or net realizable value .....	66,582
Prepaid and deferred expenses .....	253,606
	<u>1,901,799</u>
<b>FIXED ASSETS—at cost</b>	
Land .....	77,388
Buildings .....	284,957
Equipment and property .....	137,923
Automotive equipment .....	2,599,459
	<u>3,099,727</u>
Less: Accumulated depreciation .....	1,642,607
	<u>1,457,120</u>
<b>OTHER ASSETS—at cost</b>	
Deferred finance and other charges .....	10,158
Operating authorities .....	261,750
Excess cost of shares of subsidiary over book value of net assets .....	272,000
Debenture discount .....	50,000
	<u>593,908</u>
	<u><u>3,952,827</u></u>

#### LIABILITIES

<b>CURRENT LIABILITIES</b>	
Bank advances (secured) .....	63,820
Accounts payable and accrued liabilities .....	587,122
Note payable .....	36,623
Income taxes payable .....	138,145
Long-term debt due within one year .....	256,156
	<u>1,081,866</u>
<b>LONG-TERM DEBT (note 3 and 5) .....</b>	<u>1,382,697</u>
<b>DEFERRED INCOME TAXES (note 4) .....</b>	<u>95,000</u>
	<u><u>2,559,563</u></u>

#### SHAREHOLDERS' EQUITY

<b>CAPITAL STOCK</b>	
Authorized	
2,000,000 shares without par value	
Issued	
725,150 shares without par value (note 5) .....	383,002
<b>RETAINED EARNINGS .....</b>	<u>1,010,262</u>
	<u>1,393,264</u>
	<u><u>3,952,827</u></u>

Approved on behalf of the Board

by: "M. G. DEGROOTE", Director

by: JEROMY R. RUTTY", Director

**New and Secondary Issue**

**\$1,550,000**

# Laidlaw Motorways Limited

(Incorporated under the laws of the Province of Ontario)

**\$1,000,000 7½% Sinking Fund Debentures, Series A, due June 15, 1989**

**With Share Purchase Warrants**

**and**

**200,000 Shares**

**(without par value)**

**Offered in Units consisting of a \$100 Debenture (with Warrants to purchase 5 Shares)  
and 20 Shares**

Of the 200,000 Shares offered by this prospectus, 125,000 are being sold by the Company and 75,000 Shares are being sold by the Selling Shareholder shown under "Principal Shareholder" on page 12. The Company will receive no part of the proceeds from the sale of such shares by the Selling Shareholder. There is no market for the Shares of the Company.

The 200,000 Shares without par value forming part of each unit will be transferable separately from the Series A Debentures from the date of issue. The 5 Share Purchase Warrants forming part of each unit will not be detachable from the Series A Debenture until June 15, 1970 or such earlier date as the Company may designate and will be exercisable at the price of \$4 per Share up to the close of business June 15, 1979. Further particulars relating to the Share Purchase Warrants are contained on pages 10 and 11.

In the opinion of counsel, the Series A Debentures and the Shares will be investments in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may invest its funds without resorting to the provisions of subsection (4) of Section 63 of the said Act and will also be investments in which Schedule C to the Regulations under the Pension Benefits Standards Act states that the funds of a pension plan registered thereunder may be invested without resorting to the provisions of Section 4 of the said Schedule C.

**Price: \$155 per Unit**

	Price to Public(1)	Underwriting Discount	Proceeds to Company(1)(2)	Proceeds to Selling Shareholder(3)
Per Unit . . . . .	\$155.00	\$6.925	\$126.925	\$21.150
Total . . . . .	\$1,550,000	\$69,250	\$1,269,250	\$211,500

(1) Plus accrued interest, if any, on the Series A Debentures.

(2) Before deduction of Company's portion of expenses of issue, estimated at \$48,000.

(3) Before deduction of the Selling Shareholder's portion of expenses of issue, estimated at \$2,000.

We, as principals, offer these units, subject to prior sale, if, as and when issued by the Company and accepted by us and subject to approval of all legal matters on behalf of the Company and the Selling Shareholder by Messrs. Evans, Ruttty & Husband, Hamilton and on our behalf by Messrs. Wahn, Mayer, Smith, Creber, Lyons, Torrance & Stevenson, Toronto who shall be entitled to rely on the opinion of the Company's counsel with respect to the title of the Company and its subsidiaries to their properties and the registration of and the priority of the lien created by the Trust Deed.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books without notice. It is expected that interim certificates for the Series A Debentures in fully registered form will be available on or about June 16, 1969. Series A Debentures in definitive form, with detachable Share Purchase Warrants will be available in exchange for interim Series A Debentures on or about June 15, 1970 or such earlier date as the Company may designate. It is expected that definitive share certificates will be available on or about June 16, 1969.

## DOMINION SECURITIES CORPORATION LIMITED

*Established 1901*

TORONTO  
HALIFAX  
KITCHENER

MONTREAL  
SAINT JOHN  
HAMILTON

OTTAWA  
QUEBEC  
BRANTFORD

VANCOUVER  
WINNIPEG  
ST. CATHARINES

NEW YORK  
CALGARY

LONDON  
EDMONTON  
FORT WILLIAM

PARIS  
VICTORIA

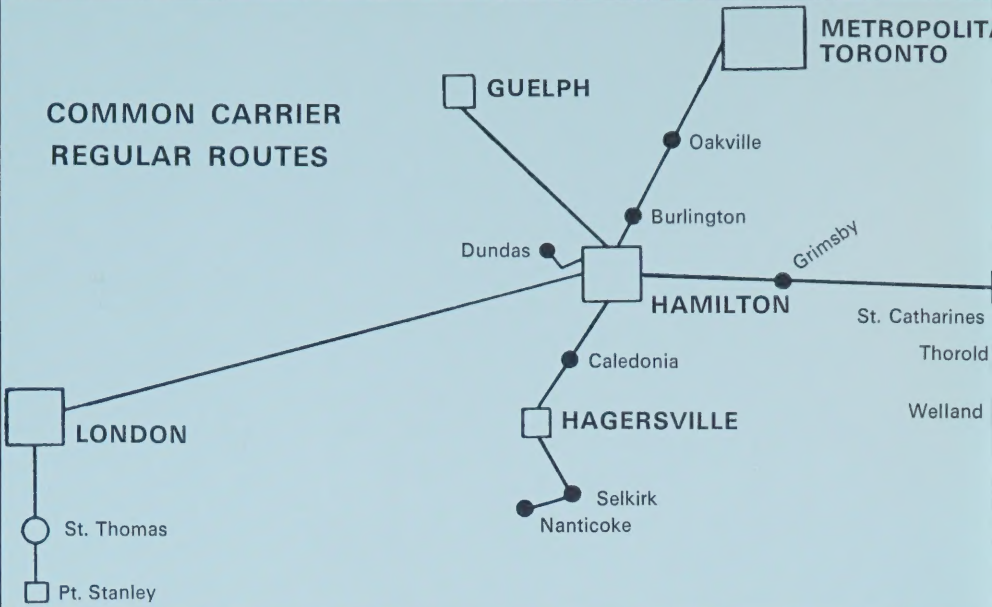
BOSTON  
LONDON  
PETERBOROUGH

May 21, 1969

Printed in Canada

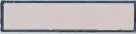


## COMMON CARRIER REGULAR ROUTES



## LEGEND

Any Dry Commodity  
In Bulk Within Area



Specifically Named  
Dry Commodities  
In Bulk Between  
Ontario and Area



Major Points  
Of Business



Terminals



Truckload General  
Commodity Points



Certain irregular route, specific commodity authority, and restrictions on points served and commodities hauled contained in authority certificate are not indicated.



# AREAS, ROUTES AND POINTS

*Served by*

## LIDLAW AND SUBSIDIARY COMPANIES



## **Map of Routes**



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## **The Company**

Laidlaw Motorways Limited (the "Company") is a company continued under The Corporations Act (Ontario) by letters patent of amalgamation dated April 27, 1966 confirming an amalgamation agreement between Laidlaw Motor Sales Limited and Hepburn Transport Limited. By supplementary letters patent dated April 25, 1969 the Company, among other things, was converted to a public company, its share capital was altered and its name was changed from Laidlaw Motor Leasing Limited to the present form. Unless otherwise indicated the word the "Company", where used in this prospectus, includes the predecessor companies.

Laidlaw Transport Limited, a wholly-owned subsidiary of the Company, was incorporated as an Ontario private company by letters patent dated July 8, 1958 at which time it acquired the transportation business of a proprietorship founded in 1924. Canal Cartage (1968) Limited, also a wholly-owned subsidiary of the Company, was incorporated as an Ontario private company by letters patent dated April 19, 1968. In this prospectus, the word "Laidlaw", for convenience of reference, shall include the Company and such subsidiaries.

Laidlaw is a common carrier of general commodities by motor vehicle between most major Ontario points and some United States points. The head office of the Company is located at Hagersville, Ontario.

## **Business of Laidlaw**

### ***Nature of the Trucking Industry***

Highway transport has grown rapidly since the end of World War II. The improvement of existing roads and the construction of new highways have encouraged the rapid movement of goods in commercial vehicles. The flexibility of trucks has made transportation of goods and services possible wherever roads exist and has enabled many manufacturers and distributors to move from "downtown" locations to suburban sites. Shippers are no longer mainly dependent on rail or water for the movement of their raw materials or finished goods. Shipments of goods by highway transport can be made faster, more frequently and in smaller quantities, than is possible by either rail or ship.

The increased demand for commercial vehicles has led to specialization of equipment. Modern trailers are of several varieties. In addition to the so-called "stake and rack" or open trailer, the trucking industry uses closed vans, pneumatic tanks, dump and hopper vehicles, "trombone" or "pole" trailers, and low-bed or "goose-neck" equipment, each of which is subject to further refinement to suit the particular requirements of shippers. Laidlaw operates all of the above-mentioned types of equipment and is constantly experimenting with new models for the purpose of meeting the transportation requirements of its customers.

### ***Regulation***

In Ontario, since 1928, a motor carrier engaged in the transporting of goods owned by others has been subject to legislation which sets minimum standards for the protection of the public. Carriers are liable for loss or damage to merchandise entrusted to their care and are responsible for the safeguarding of funds from "cash on delivery" shipments. Public liability and property damage insurance is compulsory.

In Ontario, licences to operate public commercial vehicles and extensions of territories are granted upon the approval of the Ontario Highway Transport Board (the "O.H.T.B.") after public hearings at which all interested parties may make representations and upon proof of public convenience and necessity. A similar function is exercised by the Interstate Commerce Commission of the United States. Regulation of the motor carrier industry in Ontario has proven to be beneficial both to those who supply transportation services and to those who are serviced by the transport industry.

A new federal statute, the National Transportation Act of Canada, provides for the regulation of all modes of transport. Although the portion dealing with motor carriers is not yet effective Laidlaw does not expect to be adversely affected by this legislation.



## ***Tariffs***

Since 1963 the filing of tariffs of tolls has been compulsory in Ontario and such tariffs are available for public inspection at the O.H.T.B. This has led to disclosure by carriers of the rates charged for transportation, to the gradual elimination of discrimination and undue preference amongst shippers and to the stabilization of rates.

Rates for the transportation of freight to and from points within the United States, however, are subject to review and control by the Interstate Commerce Commission. Experience has shown that such rates are considerably higher than domestic rates.

## ***Description of Business***

Laidlaw is engaged in highway transportation primarily as a general commodity full truck load carrier to and from several major points in Ontario, a carrier of steel products for major steel companies and a carrier of dry commodities in bulk, in dump or specialized pneumatic tankers, within Ontario as well as to and from several points in the United States.

Laidlaw has a widely diversified group of approximately 1,300 regular customers. Some of the main commodities transported for these customers include gypsum products, components for automobile manufacture, steel, rubber, chemicals, ores, cement, oxides, sulphur, flour and lime.

Industry experience has shown that maximum profitability is achieved by keeping hauls within a distance of 500 miles. Laidlaw's operating policy is to concentrate its efforts in the area presently served as indicated by the map on page 2 where hauls are generally within 500 miles.

## ***Routes and Operating Authorities***

Laidlaw operates in the most industrialized part of Ontario and between Ontario and several of the United States as shown on the map on page 2. Since 1960, Laidlaw has engaged in a program for the extension of its licensed operations and expansion of operating facilities. The following table shows acquisitions of operating authorities and equipment made by Laidlaw during this period.

<u>Name of Vendor Company</u>	<u>Date</u>	<u>Principal Areas Served</u>
Lasby Transport Limited	December 1960	Guelph and Hamilton
Lockstein Transport Limited	February 1961	Tillsonburg, Courtland, Aylmer and Malahide Township
McGarvin Transport Limited	April 1964	Chatham and under limited authority, Windsor and Sarnia
Hepburn Transport Limited	June 1965	Port Stanley, St. Thomas, London, Hamilton and Metropolitan Toronto
Joseph Harrison Transport Limited	June 1966	Welland, St. Catharines, Hamilton, Oakville, Metropolitan Toronto and Sault Ste. Marie
Canal Cartage Limited and Quigley Construction Company Limited	July 1968	Dry bulk commodities within Ontario and between Ontario and New York, New Jersey, Pennsylvania, Michigan, Indiana, Ohio and Illinois

## ***Safety and Insurance***

Laidlaw has a full time director of safety, whose duties include promoting efficiency and safety over Laidlaw's system and in conjunction with the Transportation Safety Association of Ontario, conducting and arranging regular safety seminars in Laidlaw's various terminals. Special emphasis is placed on driver selection and education of applicants prior to participation in driver training programs. This program has contributed to excellent driving records of its employees.

Laidlaw insures its liability for injury, property damage, cargo and general liability to the amount of \$1,000,000, the premium for which is favourable as a result of its operating record.

### ***Employee Relations***

Laidlaw employs approximately 250 full-time employees and has always experienced excellent management-employee relations. Laidlaw provides group life insurance, hospital, surgical and pension benefits for all employees through contribution to its health, insurance and pension plans. In addition, Laidlaw has a performance bonus system for all drivers.

### ***Properties and Equipment***

#### ***Properties***

The principal terminals of Laidlaw, all of which are owned, are located at Hagersville, Guelph and London. In addition, Laidlaw leases terminals at Toronto, Hamilton, Sault Ste. Marie, Niagara Falls, Chatham and Windsor.

The Hagersville Terminal, consisting of 4,500 square feet of office facilities and 15,000 square feet of shop and storage facilities, is situated on 10 acres of property located adjacent to Highway No. 6 on the northern outskirts of Hagersville. In addition a new 10,000 square foot modern repair and maintenance shop, presently under construction on this property is scheduled for completion in August 1969. Laidlaw also has 20,000 square feet of shop and storage facilities on two acres of land located approximately three miles north of the Hagersville Terminal.

The Guelph Terminal, which was constructed within the past two years, consists of 1,500 square feet of office facilities and 13,500 square feet of repair, maintenance, storage and dock facilities and is located on 10 acres of property on the west side of Highway No. 6, approximately one-half mile north of Highway No. 401.

The London Terminal is located on 10 acres of property approximately one-half mile south of Highway No. 401 on the east side of Highway No. 126. The buildings, constructed in 1967, consist of 1,000 square feet of office facilities and 2,600 square feet of shop and dock facilities.

All references to square footage and acreage in the above paragraphs are approximate.

#### ***Equipment***

Laidlaw operates and maintains approximately 560 pieces of automotive equipment. To achieve maximum efficient utilization of its tractors, Laidlaw operates its equipment on a unit basis, a unit consisting of approximately 2 trailers for each tractor, which minimizes non-productive downtime of tractors while trailers are being loaded or unloaded. Laidlaw owns 116 tractors, 198 trailers and additional miscellaneous equipment including pickup trucks. Under hire-purchase agreements entered into with equipment manufacturers, Laidlaw also operates 31 tractors and 69 trailers. Laidlaw's financial obligations under such agreements and under conditional sales contracts and chattel mortgages of equipment are set forth in Note 4 to the Financial Statements of the Company on page 17.

Laidlaw is engaged in a program of both expansion and modernization and is presently negotiating to acquire, under hire-purchase agreements, 33 new diesel power tractors and 50 new trailers for delivery between May and August of 1969. Laidlaw presently employs in its various terminals 28 mechanics and maintenance men who carry out most of the required maintenance and repair of its equipment. All of Laidlaw's equipment is in good operating condition.

Reference is made to "Capitalization" on page 7 for information concerning encumbrances against the properties and equipment.



## Capitalization

	Authorized	Outstanding on December 31, 1968	Outstanding on March 31, 1969	Outstanding on March 31, 1969 after giving effect to this financing
Current bank advance (secured) <sup>(1)</sup> .....	\$ —	\$ 61,727	\$ —	\$ —
Long-Term Debt:				
Bank loans (secured) <sup>(1)</sup> .....	—	57,231	39,717	39,717
Conditional sales contracts and chattel mortgages <sup>(2)</sup> .....	—	1,156,777	1,079,781	584,921
Mortgages payable <sup>(3)</sup> .....	—	95,725	94,865	94,865
6% Note payable, due March, 1970 ....	—	40,866	39,471	39,471
7½% Sinking Fund Debentures, Series A, due June 15, 1989 .....	1,000,000	—	—	1,000,000
Capital Stock: <sup>(4)(5)(6)</sup>				
Shares without par value .....	2,000,000 shs.	600,150 shs. (\$8,002)	600,150 shs. (\$8,002)	725,150 shs. (\$383,002)

### Notes:

- (1) Book debts have been pledged as security.
- (2) Indebtedness created in connection with the purchase of automotive equipment and secured by mortgages and liens on such equipment, maturing not later than 1978 and bearing interest at rates varying from 6% to 13% per annum with a present average rate of approximately 7.8% per annum. Reference is made to Note 8 of the Notes to the Financial Statements on page 18 with respect to hire-purchase obligations.
- (3) Indebtedness created in connection with the purchase or other acquisition of lands and terminal facilities secured by mortgages of such properties maturing not later than 1972 and bearing interest at rates varying from 6% to 9½% per annum with a present average rate of 8¼% per annum.
- (4) By supplementary letters patent dated April 25, 1969 the Company's 8,002 issued common shares were subdivided on the basis of 75-for-1 and its authorized capital was increased to 2,000,000 shares without par value. The authorized and issued shares as shown in this table gives effect to the issuance of such supplementary letters patent.
- (5) In addition to the stated paid-in capital for its shares as shown above the Company had consolidated retained earnings of \$896,017 at December 31, 1968.
- (6) 50,000 shares will be reserved for the exercise of the Share Purchase Warrants to accompany the Series A Debentures offered by this prospectus.

## Use of Proceeds

The net proceeds to be received by the Company from the sale of the Series A Debentures and 125,000 Shares amounting to \$1,269,250 less expenses of the issue estimated at \$48,000 will be used to the extent of approximately \$500,000 to repay certain long-term debt. The balance of such net proceeds, amounting to approximately \$721,250 will be added to the working capital of the Company and will be used to further the Company's activity in the field of transportation (including continued expansion and modernization of the Company's equipment and terminals). No part of the proceeds from the sale of 75,000 Shares purchased from the Selling Shareholder will be received by the Company.

## Plan of Distribution

Under an agreement dated May 21, 1969 between the Company, Michael George DeGroote (the "Selling Shareholder") and Dominion Securities Corporation Limited (the "Underwriter"), the Company and the Selling Shareholder have agreed to sell and the Underwriter has agreed to buy \$1,000,000 principal amount of 7½% Sinking Fund Debentures, Series A and 200,000 Shares for an aggregate price of \$1,480,750. The purchase price is payable in cash against delivery of the Series A Debentures and certificates for the Shares on or about June 16, 1969. The obligations of the Underwriter are subject to the fulfillment of the necessary legal requirements and certain other terms and conditions set out in the said agreement, but in no event may it purchase part only of the Series A Debentures or Shares offered hereby.

Pursuant to the said underwriting agreement, the Selling Shareholder has agreed not to sell or otherwise dispose of any shares of the Company for a period of one year from the date of the final prospectus without the prior consent of Dominion Securities Corporation Limited.

### **Details of the Offering**

The Series A Debentures and Shares are being offered in units (the "Units"), each consisting of \$100 principal amount of Series A Debentures and 20 Shares.

The purchasers of each Unit will receive, on or about June 16, 1969, a definitive share certificate representing 20 Shares and a Series A Debenture in interim fully registered form.

Series A Debentures in definitive fully registered or coupon form will be available in exchange for interim Series A Debentures on or about June 15, 1970 or such earlier date as the Company may designate. Share Purchase Warrants (the "Warrants") in bearer form entitling the holders to purchase 5 Shares of the Company, as presently constituted, for each \$100 principal amount of Series A Debentures will be attached to the Series A Debentures when issued in definitive form. The Warrants will be detachable and exercisable at the price of \$4 per share at any time up to June 15, 1979 when they expire.

### **Description of the Series A Debentures**

The Series A Debentures offered by this prospectus are to be issued under a trust indenture (the "Trust Deed") to be dated as of June 1, 1969 and to be made between the Company and Guaranty Trust Company of Canada, as Trustee.

The Series A Debentures will be dated as of June 16, 1969, will mature on June 15, 1989 and will bear interest at the rate of 7½% per annum payable half-yearly on June 15 and December 15 in each year. The principal of and interest and premium, if any, on the Series A Debentures will be payable in lawful money of Canada at any branch in Canada of the Company's bankers designated in such Debentures, at the holder's option. Interim Series A Debentures will be available in registered form in denominations of \$100 and authorized multiples thereof. Definitive Series A Debentures will be available in coupon form registrable as to principal only in the denomination of \$100 and in fully registered form in denominations of \$100 and authorized multiples thereof.

The following is a summary of the principal terms and conditions of the Series A Debentures and of the Trust Deed under which they will be issued. This summary does not purport to be complete and is qualified in its entirety by reference to the Trust Deed.

### **Security**

The Series A Debentures will be direct obligations of the Company, will rank equally and rateably with all other debentures of the Company to be issued and outstanding under the Trust Deed (except for varying maturity dates and sinking funds pertaining exclusively to any particular issue of debentures issued under the Trust Deed) and subject to Minor Title Defects, Permitted Encumbrances and the last day of the term of any lease or agreement therefor will, in the opinion of counsel, be secured by:

- (a) a first fixed and specific mortgage, pledge and charge of and on all shares and other securities of Subsidiary Companies held by the Company; and
- (b) a floating charge on the undertaking and business and all other properties and assets of the Company.

The Series A Debentures will also be secured by Indentures of Guarantee between the Trustee and all Subsidiary Companies whereby such Subsidiary Companies shall unconditionally guarantee the payment by the Company of the principal, interest and premium, if any, on the Series A Debentures secured by the Trust Deed and the performance by the Company of all other obligations on its part therein contained, which Indentures of Guarantee shall be secured by like fixed and specific mortgages, pledges and charges and by like floating charges. The Trust Deed and the Indentures of Guarantee will not be registered against real and immoveable property.

The fixed and specific mortgages, pledges and charges created by the Company and the Subsidiary Companies under the Trust Deed and the Indentures of Guarantee respectively, will be expressed to cover all future acquired properties or assets of the nature described above.



The Trust Deed and the Indentures of Guarantee will provide that the said first floating charges created thereby shall in no way hinder or prevent the Company or any Subsidiary Company at any time and from time to time (unless and until the security constituted by the Trust Deed shall have become enforceable and the Trustee shall have determined or become bound to enforce the same) from

- (a) dealing with the subject matters of such floating charges in the ordinary course of business; or
- (b) giving security upon the subject matters of such floating charges to any bank or banks or others for indebtedness created or incurred in the ordinary course of business and for the purpose of carrying on the same which is payable on demand or the due date of payment of which including any right of extension or renewal is within 18 months of the date when such indebtedness was created or incurred; or
- (c) giving or assuming Purchase Money Obligations

all as more specifically described in the Trust Deed.

### ***Redemption***

The Series A Debentures will not be redeemable prior to June 15, 1984, in whole or in part for other than sinking fund purposes, unless the Company shall have filed with the Trustee a certified copy of a resolution of its directors declaring that such Series A Debentures are not being redeemed from or in anticipation of any proceeds of indebtedness for borrowed money directly or indirectly incurred or to be incurred by the Company which has or will have an effective interest cost (determined in accordance with generally accepted financial practice) to the Company of less than 7½% per annum. Subject to the foregoing, the Series A Debentures will be redeemable prior to maturity in whole at any time or in part from time to time at the option of the Company, on not less than 30 days notice, for other than sinking fund purposes, at 107.50% of the principal amount thereof together with accrued and unpaid interest to the date fixed for redemption if redeemed on or before June 15, 1970 and thereafter at the following percentages of the principal amount thereof, together in each case with accrued and unpaid interest to the date fixed for redemption:

<u>If redeemed in the</u> <u>12 months ending June 15</u>	<u>Percentage</u>	<u>If redeemed in the</u> <u>12 months ending June 15</u>	<u>Percentage</u>
1971.....	107.05	1980.....	103.00
1972.....	106.60	1981.....	102.55
1973.....	106.15	1982.....	102.10
1974.....	105.70	1983.....	101.65
1975.....	105.25	1984.....	101.20
1976.....	104.80	1985.....	100.75
1977.....	104.35	1986.....	100.30
1978.....	103.90	1987.....	100.00
1979.....	103.45	1988.....	100.00

The Company will be entitled to purchase Series A Debentures in the market or by tender or by private contract at any price not exceeding the redemption price at which such Debentures, at the date of purchase, are redeemable for other than sinking fund purposes, plus accrued and unpaid interest and costs of purchase.

### ***Sinking Fund***

The Company will covenant in the Trust Deed to establish a sinking fund sufficient to retire \$50,000 principal amount of Series A Debentures on or before June 15, in each of the years 1971 to 1988 inclusive. Such sinking fund payments will provide for the retirement of 90% of the original principal amount of Series A Debentures prior to maturity. Series A Debentures purchased or redeemed, other than for sinking fund purposes, shall be available to the Company as a sinking fund credit which, at the option of the Company, may be applied, to the extent not theretofore applied, to the satisfaction in whole or in part of sinking fund requirements.

The Trust Deed will not permit the Company to anticipate sinking fund obligations by the deposit of cash with the Trustee.

Series A Debentures purchased for or redeemed through the sinking fund shall be cancelled and shall not be reissued.

## ***Covenants***

The Trust Deed will contain covenants which together with the required definitions, are more particularly described in the Schedule to this prospectus on page 20 and following.

## ***Modification of the Trust Deed***

The rights of a Series A Debenture holder under the Trust Deed and indentures supplemental thereto may be modified. For that purpose, among others, the Trust Deed will contain provisions for the holding of meetings of Series A Debenture holders and for rendering resolutions passed at such meetings and instruments in writing signed by the holders of a specified percentage of the Series A Debentures binding upon all holders of the Series A Debentures, subject to the provisions of the Trust Deed.

## ***Interest Requirements***

The maximum annual interest requirements of all long-term debt of the Company to be outstanding after giving effect to the present financing will amount to approximately \$130,800 per annum. Series A Debenture interest requirements will decrease as the sinking fund operates and as Series A Debentures are retired. Consolidated net earnings available for interest for the year ended August 31, 1968 amounted to \$395,084 or approximately 3.0 times the said maximum annual interest requirements.

## ***Asset Coverage***

The accompanying pro forma consolidated balance sheet of the Company and its subsidiary companies at December 31, 1968 shows Consolidated Net Tangible Assets (as defined in the Schedule hereto on page 23) to be as follows:

Current assets.....	\$1,678,941
Deduct current liabilities.....	<u>902,757</u>
Net current assets.....	776,184
Net fixed assets.....	1,496,668
Operating authorities.....	<u>261,750</u>
Consolidated net tangible assets.....	2,534,602
Excess of cost of shares of subsidiary over book value of net assets.....	<u>272,000</u>
Consolidated net tangible assets as defined (before deduction of long-term debt)	<u><u>\$2,806,602</u></u>

Such consolidated net tangible assets as defined are equivalent to approximately \$176 for each \$100 principal amount of long-term debt to be outstanding.

## **Description of the Share Purchase Warrants**

Warrants entitling the bearers thereof to purchase an aggregate of 50,000 Shares of the Company, as presently constituted, at the price of \$4 per Share at any time after receipt and up to the close of business on June 15, 1979 when they will expire, will be issued by the Company in accordance with the provisions of an indenture (the "Warrant Indenture") to be made as of June 1, 1969 between the Company and Guaranty Trust Company of Canada, as Trustee. The Warrants will be attached to the Series A Debentures, when issued in definitive form, and will entitle the bearer to purchase 5 Shares for each \$100 principal amount of Series A Debentures. The Series A Debentures in definitive form will be available on June 15, 1970, or such earlier date as the Company may designate, at which time the Warrants will be detachable and exercisable.



The Warrant Indenture will contain provisions to the effect that, in the event of (a) any reduction in the number of Shares of the Company due to consolidation thereof, or (b) any increase in the number of such Shares due to subdivision thereof, or (c) any reclassification of such Shares, a proportionate adjustment shall be made in the number of Shares or kind of shares issuable pursuant to the exercise of the Warrants subsequent to any such change in the number of Shares or kind of shares becoming effective.

The Warrant Indenture will also contain other provisions to the effect that if the Company, at any time after June 16, 1969, issues or sells shares (with certain exceptions to be set forth in the Warrant Indenture, including the exercise of employee stock options, or the issue of shares pursuant to stock purchase or analogous plans), including shares issued by way of stock dividend, at a price different from the purchase price in effect under the Warrants immediately prior to the issuance of such shares, or issues any shares on the exercise of rights to subscribe for or warrants to purchase shares, or of any options for the purchase of shares or on conversion of any securities convertible into or exchangeable for shares and the consideration per share for which shares were issued pursuant to such rights, warrants, options or convertible or exchangeable securities or otherwise is in any case less than the said purchase price in effect under the Warrants immediately prior to the issuance of such shares, the said purchase price shall be adjusted (in the manner to be set forth in the Warrant Indenture) so as to protect the rights of the holders of the Warrants against dilution; provided that no adjustment is to be made as a result of the issue of Shares which would have the effect of increasing the purchase price above \$4 per Share up to June 15, 1979 as such prices may be increased or decreased to reflect any consolidation or subdivision of Shares. The Company will covenant in the Warrant Indenture that it will at all times reserve sufficient of its unissued Shares to satisfy the exercise of the Warrants.

The Company will covenant in the Warrant Indenture during the period in which the Warrants are exercisable to give public notice before taking certain actions, including the payment of a stock dividend on its Shares, the making of any other distribution on its Shares other than cash dividends, or the issue of rights to the holders of its Shares, such notice to be given at least 21 days prior to the record date for the determination of the shareholders entitled to such dividend, distribution or rights. Such notice need only set forth such particulars of such dividend, distribution or rights as shall have been determined at the date the notice is given.

The Warrant Indenture will provide that the Company shall not be required to issue fractional Shares upon exercise of the Warrants. The Company shall, at its option, in lieu of delivering a fractional Share either adjust such fractional interest by payment of an amount in cash equal to the current market value of such fractional interest or issue a scrip certificate of the Company in respect of such fractional interest, which scrip certificate when surrendered to the Company's Transfer Agent together with similar scrip certificates representing in the aggregate the right to subscribe for at least one full Share shall, upon payment of the purchase price, be exchangeable for a share certificate or certificates for the number of full Shares called for by all the scrip certificates to be surrendered.

### **Description of Shares**

The authorized capital of the Company consists of 2,000,000 Shares without par value of which 725,150 (including 200,000 Shares being offered by this prospectus) will be issued and outstanding as fully paid and non-assessable upon completion of this financing. In addition 50,000 Shares will be reserved for issuance upon exercise of the Warrants referred to under the heading "Description of the Share Purchase Warrants" on page 10. The Shares are entitled to such dividends as may be declared thereon by the board of directors, to one vote per share and, upon liquidation, to receive pro rata such assets of the Company as are distributable to shareholders.

### **Dividend Policy**

No dividends have been declared on the Shares, however, the board of directors has expressed the intention to consider the declaration and payment of cash dividends on the Shares on a regular basis subject to applicable laws and the provisions of the Trust Deed. The payment of cash dividends and other forms of dividends on the Shares will be subject to the discretion of the board of directors and to such policy as it may adopt from time to time and on the financial position of the Company at the relevant times.

## Management

### Directors and Officers

The names and home addresses of the directors and officers of the Company, the positions and offices held by each and their principal occupations for the past five years are as follows:

<u>Name</u>	<u>Office</u>	<u>Principal Occupation</u>
Michael George DeGroote..... 128 Judith Crescent, Ancaster, Ontario	President and Director...	President, Laidlaw Motorways Limited.
Robert Glenn Groom, Q.C..... 415 Broadway, Tillsonburg, Ontario	Director.....	Barrister and Solicitor.
Benjamin Raxlen, M.D..... 12 Edmund Avenue, Toronto, Ontario	Director.....	Treasurer, Doctors Hospital, Toronto.
Brian John Reid, C.A..... 114 Aberdeen Avenue, Hamilton, Ontario	Treasurer.....	Chief Financial Officer, Laidlaw Motorways Limited since May 1, 1967. From April 1966 to April 1967 he was employed by McDonald, Currie & Co., Chartered Accountants. Prior to April 1966 he was employed by Crew, Turnbull & Co., Chartered Accountants, England.
Jeromy Richard Rutty..... 582 Deborah Crescent, Burlington, Ontario	Secretary and Director...	Partner, Evans, Rutty & Husband, Corporate counsel for Laidlaw Motorways Limited.
Halliwell Soule, Q.C..... 587 Sharalin Court, Burlington, Ontario	Vice-President and..... Director	President, Hamilton Trust & Savings Corporation.

### Remuneration

The aggregate direct remuneration paid by Laidlaw to certain employees, its senior officers and directors, as a group, was \$77,253 for Laidlaw's last completed financial year ended August 31, 1968 and was \$38,708 for the period from September 1, 1968 to March 31, 1969.

### Principal Shareholder

As of March 31, 1969, the Selling Shareholder, M. G. DeGroote, President of the Company owned beneficially and of record (other than directors' qualifying shares) all of the outstanding shares of the Company. Upon completion of this underwriting Mr. DeGroote will own 525,150 shares of the Company, representing 72.4% of the outstanding shares of the Company. In 1966 Mr. DeGroote took the initiative in amalgamating Laidlaw Motor Sales Limited and Hepburn Transport Limited as the Company and may thereby be considered a promoter of the Company within the meaning of applicable securities legislation. Upon such amalgamation Mr. DeGroote received 7,500 common shares (equivalent to 560,500 shares as a result of the 75-for-1 subdivision of shares on April 25, 1969) of the Company in exchange for all of the issued and outstanding shares of Hepburn Transport Limited.

### Material Contracts

Except for contracts in the ordinary course of business, the only material contracts entered into by Laidlaw within two years preceding the date of this prospectus are:

- (1) The underwriting agreement referred to under the heading "Plan of Distribution" on page 7.
- (2) An agreement with Canal Cartage Limited and Quigley Construction Company Limited whereby Laidlaw on July 26, 1968 purchased a portion of the businesses and assets of such companies for a purchase price of approximately \$910,000.



A copy of these agreements and, when executed, the Trust Deed and the Warrant Indenture may be inspected at the head office of the Company during the period of primary distribution of the securities offered hereby, and for 30 days thereafter.

#### **Auditors**

The Company's auditors are McDonald, Currie & Co., Chartered Accountants, 105 Main Street East, Hamilton, Ontario.

#### **Transfer Agent and Registrar**

The transfer agent and registrar for the Shares of the Company is Guaranty Trust Company of Canada at its principal offices located in Hamilton, Toronto and Montreal.

The register for the Series A Debentures will be kept at the principal offices of Guaranty Trust Company of Canada in Hamilton, Toronto and Montreal.

#### **Purchasers' Statutory Rights of Withdrawal and Rescission**

Sections 63 and 64 of The Securities Act, 1966 (Ontario), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), sections 63 and 64 of The Securities Act, 1967 (Alberta) and sections 63 and 64 of The Securities Act, 1968 (Manitoba) provide, in effect, that where a security is offered to the public in the course of primary distribution:

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent; and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide, in effect, that a purchaser has a right of rescission similar to that described in (b) above, and also that a purchaser has the right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.

Reference is made to the said Acts for the complete text of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

**Laidlaw Motorways Limited**  
**and Subsidiary Companies**  
(Notes 1 and 2)

**Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet**  
**December 31, 1968**

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet (Note 1)
Current Assets		
Cash.....	\$ 11,444	\$ 733,691
Trade accounts receivable (Note 3).....	468,494	725,877
Other notes and accounts receivable.....	52,053	57,068
Due from associated company.....	301,790	—
Inventory, at the lower of cost or net realizable value.....	67,676	67,676
Prepaid and deferred expenses.....	94,629	94,629
	<u>996,086</u>	<u>1,678,941</u>
Fixed Assets—at cost		
Land.....	70,388	70,388
Buildings.....	255,878	255,878
Equipment and property.....	111,711	111,711
Automotive equipment (Note 3).....	2,493,476	2,508,643
	<u>2,931,453</u>	<u>2,946,620</u>
Less accumulated depreciation.....	1,446,748	1,449,952
	<u>1,484,705</u>	<u>1,496,668</u>
Other Assets—at cost		
Deferred finance and other charges.....	20,105	20,105
Operating authorities.....	191,750	261,750
Excess cost of shares of subsidiary over book value of net assets.....	272,000	272,000
Debenture discount and financing expenses.....	—	153,750
	<u>483,855</u>	<u>707,605</u>
Signed on behalf of the Board:		
(Signed) M. G. DeGroote, Director		
(Signed) Jeromy Ruty, Director		
	<u>\$2,964,646</u>	<u>\$3,883,214</u>

*The accompanying notes are an integral part of the financial statements.*



(Notes 1 and 2)

## December 31, 1968

LIABILITIES		Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet (Note 1)
<b>Current Liabilities</b>			
Bank advances (secured).....	\$ 61,727	\$ 62,281	
Accounts payable and accrued liabilities.....	403,124	449,138	
Income taxes payable.....	135,177	132,177	
Long-term debt due within one year.....	313,161	259,161	
	<u>913,189</u>	<u>902,757</u>	
Long-Term Debt (Note 4).....	1,037,438	1,591,438	
Deferred Income Taxes (Note 5).....	110,000	110,000	
	<u>2,060,627</u>	<u>2,604,195</u>	

Retained Earnings .....	896,017	896,017
	904,019	1,279,019

\$2,964,646      \$3,883,214

The accompanying notes are an integral part of the financial statements.

# Laidlaw Motorways Limited

## and Subsidiary Companies

(Notes 1 and 2)

### Consolidated Statements of Earnings and Retained Earnings For the Five Years and Four Months Ended December 31, 1968

	Four months ended December 31		Year Ended August 31				
	1968	1967 (unaudited)	1968	1967	1966	1965	1964
<b>Earnings</b>							
Revenue (Note 7) . . . .	\$1,650,633	\$1,000,905	\$3,475,099	\$3,002,857	\$2,643,525	\$1,395,195	\$980,037
Operating expenses . . .	1,234,667	819,842	2,854,136	2,397,459	2,089,528	1,073,137	778,742
Operating profit before deducting deprecia- tion and interest . . .	415,966	181,063	620,963	605,398	553,997	322,058	201,295
Depreciation . . . . .	136,712	75,516	209,432	233,638	218,876	122,432	109,123
Interest on long-term debt . . . . .	35,168	21,360	56,027	47,302	20,919	21,615	31,300
	<u>171,880</u>	<u>96,876</u>	<u>265,459</u>	<u>280,940</u>	<u>239,795</u>	<u>144,047</u>	<u>140,423</u>
Earnings before non- recurring items . . . .	244,086	84,187	355,504	324,458	314,202	178,011	60,872
<b>Non-recurring gains (losses)</b>							
Loan receivable written off . . . . .	—	—	—	—	—	—	(18,593)
Gain on sale of investment . . . . .	—	—	—	—	—	—	25,000
Gain (loss) on sale of fixed assets . . . .	2,695	10,800	(16,447)	16,216	—	—	—
Earnings before income taxes . . . . .	<u>246,781</u>	<u>94,987</u>	<u>339,057</u>	<u>340,674</u>	<u>314,202</u>	<u>178,011</u>	<u>67,279</u>
<b>Provision for income taxes (Note 5)</b>							
Current . . . . .	135,274	34,119	61,306	162,527	153,187	90,158	47,690
Deferred . . . . .	(10,000)	—	120,000	—	—	—	—
	<u>125,274</u>	<u>34,119</u>	<u>181,306</u>	<u>162,527</u>	<u>153,187</u>	<u>90,158</u>	<u>47,690</u>
Net earnings for the period (Note 7) . . . .	<u>\$ 121,507</u>	<u>\$ 60,868</u>	<u>\$ 157,751</u>	<u>\$ 178,147</u>	<u>\$ 161,015</u>	<u>\$ 87,853</u>	<u>\$ 19,589</u>
<b>Retained Earnings</b>							
Balance, beginning of period . . . . .	\$ 774,510	\$ 616,759	\$ 616,759	\$ 438,612	\$ 257,888	\$ 170,035	\$150,446
Net earnings for the period . . . . .	121,507	60,868	157,751	178,147	161,015	87,853	19,589
Retained earnings aris- ing from prior amal- gamation . . . . .	—	—	—	—	19,709	—	—
Balance, end of period	<u>\$ 896,017</u>	<u>\$ 677,627</u>	<u>\$ 774,510</u>	<u>\$ 616,759</u>	<u>\$ 438,612</u>	<u>\$ 257,888</u>	<u>\$170,035</u>

*The accompanying notes are an integral part of the financial statements.*



## Notes to Financial Statements

### 1. Pro Forma Consolidated Balance Sheet

The pro forma consolidated balance sheet gives effect at December 31, 1968 to the following transactions:

- (a) The issuance of supplementary letters patent dated April 25, 1969, changing the name of the company from Laidlaw Motor Leasing Limited to Laidlaw Motorways Limited, converting the company from a private to a public company, changing the authorized capital of the company to consist of 2,000,000 shares without par value by subdividing its 8,002 issued and outstanding common shares on the basis of 75-for-1 and authorizing an additional 1,107,852 shares and cancelling the authorized preferred shares.
- (b) The acquisition of all the outstanding common shares of an associated company Canal Cartage (1968) Limited. The effect on net assets and earnings is immaterial.
- (c) The issue and sale, pursuant to an underwriting agreement between the company and Dominion Securities Corporation Limited dated May 21, 1969 of \$1,000,000 principal amount of 7½% Sinking Fund Debentures, Series A with share purchase warrants attached and 125,000 shares for \$1,269,250.
- (d) The payment of expenses of issue estimated at \$48,000.
- (e) The retirement of long-term debt in the amount of \$500,000

### 2. Principles of Consolidation

Laidlaw Motor Leasing Limited was incorporated on April 27, 1966. The company was formed through the amalgamation of Laidlaw Motor Sales Limited, the former parent company of Laidlaw Transport Limited, and Hepburn Transport Limited, a privately owned associated company.

The operating subsidiary company, Laidlaw Transport Limited, contributed all of the earnings during the periods under review, consequently, the August 31 fiscal year end of the operating company has been used for comparative purposes.

All inter-company transactions and profits have been eliminated in consolidation.

The periods of the parent companies and the subsidiary operating company have been consolidated as follows:

<u>Consolidated</u>	<u>Laidlaw Motor Sales Limited</u>	<u>Laidlaw Motor Leasing Limited</u>	<u>Laidlaw Transport Limited</u>
Year ended—			
August 31, 1963-5	12 months ended December 31		12 months ended August 31
1966	4 months ended April 30		12 months ended August 31
1967-8		12 months ended April 30	12 months ended August 31
4 months ended			
December 31, 1967-8		8 months ended December 31	4 months ended December 31

### 3. Security for Bank Loans

Book debts have been pledged as security for bank loans and advances.

### 4. Long-Term Debt

	<u>Consolidated</u>	<u>Pro Forma Consolidated</u>
Bank loans (secured) . . . . .	\$ 57,231	\$ 57,231
Due on equipment . . . . .	306,562	306,562
Mortgages payable		
6% mortgage due November 1970 payable \$6,000 semi-annually plus interest . . . . .	\$ 24,000	
6% chattel mortgage due April 1974 payable \$2,450 semi-annually plus interest . . . . .	26,950	
7% chattel mortgage due October 1974 payable \$2,500 monthly plus interest . . . . .	175,000	
7% chattel mortgage due August 1978 payable \$4,500 monthly plus interest . . . . .	508,359	
7½% mortgage due April 1970 payable \$2,000 annually plus interest . . . . .	13,000	
7½% mortgage due November 1972 payable \$600 semi-annually plus interest . . . . .	4,700	
9% chattel mortgage due August 1973 payable \$3,113.75 monthly blended principal and interest . . . . .	139,906	
9½% Mortgage due September 1971 payable \$602.80 monthly blended principal and interest . . . . .	<u>54,025</u>	<u>445,940</u>
Note Payable		
6% note due March 1970 payable \$10,000 annually plus interest . . .	40,866	40,866
7½% Sinking Fund Debentures, Series A . . . . .	<u>—</u>	<u>1,000,000</u>
	1,350,599	1,850,599
Less due within one year . . . . .	<u>313,161</u>	<u>259,161</u>
	<u>\$1,037,438</u>	<u>\$1,591,438</u>

## 5. Income Taxes and Depreciation

Deferred income taxes amounting to \$120,000 for the year ended August 31, 1968 arose through claiming capital cost allowances in excess of the depreciation charges recorded in the accounts. In the four month period ended December 31, 1968 depreciation recorded in the accounts exceeded the amount claimed for income tax purposes resulting in a reduction of the provision for income taxes during the period of \$10,000. The company normally charges a full year's depreciation on additions acquired during the year. This policy was changed for the year ended August 31, 1968 because of the purchase of \$859,000 of automotive equipment on July 26, 1968. Only one month's depreciation was taken on these assets, since a full year's charge would have improperly increased depreciation expense by \$236,000. Had this change not been made, net earnings would have been understated by \$116,000. Prior to 1968 the company recorded depreciation in the accounts at maximum rates allowed for income tax purposes.

Income tax returns of the company and its subsidiary have been accepted as filed up to and including April 30, 1968. All the years included in the consolidated statement of earnings are open to re-assessment. Accounts provided for income taxes payable are considered to be adequate. No items are under dispute.

## 6. Share Purchase Warrants

Of the authorized but unissued shares of the company, 50,000 Shares will be reserved for issue upon the exercise of the subscription rights evidenced by the Share Purchase Warrants accompanying the 7½% Sinking Fund Debentures, Series A.

## 7. Statement of Earnings

Canal Cartage (1968) Limited, an associated company was incorporated in April 1968. Since this company did not begin operations until late July 1968 and did not realize material earnings during the period, it was not included in the consolidated statement of earnings for the four months ended December 31, 1968. Had the sales of this associated company been consolidated, the net earnings for the period would represent 4.67% of sales instead of 7.36%.

## 8. Commitments

- (a) Minimum payments during the eight months ending August 31, 1969 and the five years following August 31, 1969 under long-term hire-purchase agreements on automotive equipment total \$1,019,582 and are as follows:

8 months ending August 31, 1969.....	\$ 140,017
Year ending August 31, 1970.....	213,023
1971.....	213,023
1972.....	205,846
1973.....	156,995
1974.....	90,678
	<u>\$1,019,582</u>

## Auditors' Report

To the Directors,

LAIDLAW MOTORWAYS LIMITED

We have examined the consolidated balance sheet of Laidlaw Motor Leasing Limited and subsidiary company and the pro forma consolidated balance sheet of Laidlaw Motorways Limited and its subsidiary companies as at December 31, 1968 and the consolidated statements of earnings and retained earnings of Laidlaw Motor Leasing Limited and subsidiary company for the five years and four months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) the consolidated balance sheet and consolidated statements of earnings and retained earnings present fairly the financial position of Laidlaw Motor Leasing Limited and subsidiary company as at December 31, 1968 and the results of their operations for the five years and four months then ended, and
- (b) the pro forma consolidated balance sheet presents fairly the financial position of Laidlaw Motorways Limited and its subsidiary companies as at December 31, 1968 after giving effect to the changes set forth in Note 1,

in accordance with generally accepted accounting principles applied on a consistent basis, except for the change in depreciation policy as explained in Note 5 to the financial statements with which we concur.

Hamilton, Ontario.  
May 21, 1969.

(Signed) McDonald, Currie & Co.  
Chartered Accountants



## **Certificates**

**Dated: May 21, 1969.**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), Part 7 of The Securities Act, 1967 (Alberta), Part VIII of The Securities Act, 1967 (Saskatchewan), Part VII of The Securities Act, 1966 (Ontario), section 13 of the Securities Act (New Brunswick), Part VII of The Securities Act, 1968 (Manitoba), under the Quebec Securities Act and by the respective regulations made under said Acts.

(Signed) M. G. DeGroot  
Chief Executive Officer

(Signed) Brian Reid  
Chief Financial Officer

On behalf of the Board of Directors

(Signed) H. Soule  
Director

(Signed) R. G. Groom  
Director

## **Directors**

(Signed) M. G. DeGroot

(Signed) R. G. Groom

(Signed) Jeromy Rutty

(Signed) B. Raxlen

(Signed) H. Soule

## **Underwriter**

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), Part 7 of The Securities Act, 1967 (Alberta), Part VIII of The Securities Act, 1967 (Saskatchewan), Part VII of The Securities Act, 1966 (Ontario), section 13 of the Securities Act (New Brunswick), Part VII of The Securities Act, 1968 (Manitoba), under the Quebec Securities Act and by the respective regulations made under said Acts.

**DOMINION SECURITIES CORPORATION LIMITED**

By: (Signed) D. H. Ward

The following includes the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Dominion Securities Corporation Limited: D. H. Ward, S. E. Nixon, F. H. Logan, J. H. Davie, T. P. N. Jaffray, J. G. K. Strathy, A. I. Matheson, W. E. Parker and P. Mackenzie.

## SCHEDULE

The Company will covenant in the Trust Deed substantially to the effect that so long as any of the Series A Debentures are outstanding:

- (1) it will not, nor will it permit any Subsidiary Company to, mortgage, hypothecate, pledge, charge or otherwise encumber any of the assets of the Company or of a Subsidiary Company to secure any indebtedness unless all of the Series A Debentures then outstanding shall have been, in the opinion of counsel, secured equally and ratably with or in priority to such indebtedness by instrument or instruments in form and substance satisfactory to such counsel, provided that the prohibition of this covenant (1) shall not apply to (i) security given to secure any Purchase Money Obligations or (ii) security given in the ordinary course of business and for the purpose of carrying on the same to any bank or banks or others to secure any indebtedness which is repayable or payable on demand or the due date of payment of which, including any right of extension or renewal, is within 18 months of the date when such indebtedness was incurred;
- (2) it will not permit any Subsidiary Company to create, issue, incur or assume any indebtedness except indebtedness to the Company or to another Subsidiary Company or to guarantee any indebtedness except of the Company or of another Subsidiary Company, provided that the prohibition of this covenant (2) shall not apply to (i) Purchase Money Obligations or (ii) indebtedness incurred in the ordinary course of business and for the purpose of carrying on the same to any bank or banks or others which is repayable or payable on demand or the due date of payment of which, including any right of extension or renewal, is within 18 months of the date when such indebtedness was incurred;
- (3) it will not dispose of, except to a Subsidiary Company, or permit any Subsidiary Company to dispose of, except to the Company or another Subsidiary Company, any indebtedness of a Subsidiary Company held by or for the Company or any Subsidiary Company;
- (4) it will not create or incur any Funded Obligations to mature prior to June 15, 1989 except that Funded Obligations maturing prior to that date may be incurred as part or the whole of any series of Funded Obligations which may be incurred in addition to the Series A Debentures and in respect of which series the requirements of covenant (5) below are complied with;
- (5) it will not create or incur any series of Funded Obligations which it is required in the year 1989 or any previous year to retire or to provide for retirement of (by serial maturities, payment into sinking fund or otherwise) in a principal amount which is a greater percentage of the aggregate principal amount of such series incurred prior to such year than the principal amount of the Series A Debentures, retirement of which is to be effected by sinking fund payments in such year, is of the aggregate principal amount of the Series A Debentures outstanding at the date of incurring such additional Funded Obligations, unless the Company shall, at the time of incurring such additional Funded Obligations, covenant with the Trustee to pay, on or before June 15 in such year, into the sinking fund for the Series A Debentures a sum sufficient to increase to such greater percentage the principal amount of Series A Debentures to be retired in such year through sinking fund payments, such additional payment to form part of the sinking fund for the Series A Debentures and to be applied by the Trustee in accordance with the provisions of the Indenture;
- (6) it will not create or incur any additional Funded Obligations unless, on the basis of a consolidation of the accounts of the Company and all other corporations which will be Subsidiary Companies immediately after the creation or incurring thereof,
  - (a) Consolidated Net Tangible Assets are an amount in excess of 2 times the aggregate principal amount of, and
  - (b) Consolidated Net Earnings Available for Interest (to be, among other things, after provision for normal depreciation) for any 12 consecutive calendar months selected by the Company of the 23 calendar months next preceding the date of the creation or incurring of such additional Funded Obligations shall have been at least 3 times the maximum annual interest requirements in respect of, all Funded Obligations and Purchase Money Obligations of the Company and the said Subsidiary Companies to be outstanding immediately after such additional Funded Obligations are created or incurred, excluding: (i) Funded Obligations and Purchase Money Obligations held by or for the Company and/or any Subsidiary Company or Subsidiary Companies; (ii) Purchase Money Obligations which are payable on demand or the dates of payment of which, including any right of extension or renewal, are less than 18 months after the dates on which they were incurred; and (iii) Funded Obligations and Purchase Money Obligations which are to be retired and in respect of which proof has been afforded to the Trustee satis-



factory to it that adequate provision has been made assuring that they will be retired within 45 days after the creation or incurring of such additional Funded Obligations;

- (7) it will not make any payment or distribution to its shareholders or any of them by way of dividend in cash or in specie or by way of purchase, redemption or reduction of capital stock which at the date of authorization by the directors of such payment or distribution would reduce Shareholders' Equity to an amount less than \$1,300,000; provided that the prohibition of this covenant (7) shall not apply to (i) the declaration or payment of cumulative preference share dividends, (ii) the declaration, payment or distribution of stock dividends or (iii) any payment or distribution by way of purchase, redemption or reduction of capital stock if made out of the proceeds of an issue of shares by the Company made concurrently with or prior to such purchase, redemption or reduction;
- (8) it will not permit any Subsidiary Company to issue any shares except to the Company or a Subsidiary Company or the directors of such Subsidiary Company to qualify them as such;
- (9) it will not:
  - (a) sell or otherwise dispose of any shares of any Subsidiary Company unless all the shares of such Subsidiary Company owned by the Company and/or by other Subsidiary Companies are sold or otherwise disposed of so that neither the Company nor any Subsidiary Company will own any thereof and the Subsidiary Company whose shares are being sold, does not own any indebtedness of the Company and does not own any shares or indebtedness of any Subsidiary Company, other than of a Subsidiary Company, all the shares of which owned by the Company and its Subsidiary Companies are being simultaneously disposed of; or
  - (b) permit any Subsidiary Company to sell or otherwise dispose of, except to the Company or another Subsidiary Company, any shares of another Subsidiary Company unless all shares of such last-mentioned Subsidiary Company owned by the Company and/or by other Subsidiaries are sold or otherwise disposed of so that neither the Company nor any Subsidiary Company will own any thereof and the Subsidiary Company whose shares are being sold, does not own any indebtedness of the Company and does not own any shares or indebtedness of any Subsidiary Company, other than of a Subsidiary Company, all the shares of which owned by the Company and its Subsidiary Companies are being simultaneously disposed of;

and upon any such permitted sale or other disposal (except to the Company or to any Subsidiary Company) it will submit the transaction to the Trustee with reasonable despatch and if, within 15 days of such submission, the Trustee advises the Company that, in the opinion of the Trustee, the sale or other disposal would otherwise be prejudicial to the holders of the Series A Debentures, an amount equivalent to the proceeds of such sale or disposal will be used forthwith by the Company to redeem or otherwise retire Series A Debentures or other Funded Obligations or Purchase Money Obligations ranking prior to or *pari passu* with the Series A Debentures (other than Funded Obligations or Purchase Money Obligations held by or for the Company and/or any Subsidiaries);

- (10) excepting, for all purposes of this covenant (10), sales or other disposals by the Company to a Subsidiary Company or by a Subsidiary Company to the Company or to another Subsidiary Company; if in any fiscal period of the Company, it and any Subsidiary Companies sell or otherwise dispose of any of their fixed assets and such sale or disposal results in the aggregate net proceeds of all such sales and disposals by the Company and all Subsidiary Companies in such fiscal period exceeding \$100,000, the Company will with reasonable despatch submit to the Trustee particulars of all such sales and disposals by the Company and all Subsidiary Companies and if, within 15 days of such submission, the Trustee advises the Company that, in the opinion of the Trustee, the sale or disposal would otherwise be prejudicial to the holders of the Series A Debentures, the Company will forthwith use an amount equivalent to such excess to redeem or otherwise retire Series A Debentures or other Funded Obligations or Purchase Money Obligations ranking prior to or *pari passu* with the Series A Debentures (other than Funded Obligations or Purchase Money Obligations held by or for the Company and/or any Subsidiary Company or Companies) and upon each sale or other disposal of fixed assets in such fiscal period by the Company or by any Subsidiary Companies after the disposal or sale which results in the aggregate net proceeds of all such sales or disposals by the Company and all Subsidiary Companies exceeding \$100,000 in such fiscal period the Company will submit particulars thereof to the Trustee with reasonable despatch and if the Trustee, within a like period of 15 days similarly advises the Company with respect to such subsequent sale or disposal, the Company will forthwith use an amount equivalent to the net proceeds thereof to redeem or otherwise retire Series

A Debentures or other Funded Obligations or Purchase Money Obligations ranking prior to or pari passu with the Series A Debentures (other than Funded Obligations or Purchase Money Obligations held by or for the Company and/or any Subsidiary Company or Companies).

The Company, in connection with any sale or other disposal contemplated in the foregoing covenants (9) and (10), may require the Trustee to execute and deliver such releases in respect thereof as may be necessary or desirable and the Trustee, at the Company's expense, shall comply with any such requirement.

The foregoing covenant (6) will not apply to, hinder or prevent (i) the redemption at any time prior to maturity of all the then outstanding Series A Debentures or (ii) the incurring by the Company of Funded Obligations for the purpose of refunding the whole of any series of Funded Obligations of the Company previously incurred provided that (except in the case of refunding all of the Series A Debentures) the aggregate principal amount of the new Funded Obligations does not exceed the aggregate outstanding principal amount of the Funded Obligations to be refunded; and none of the foregoing covenants will apply to, hinder or prevent the deposit of cash or obligations (other than obligations of the Company or a Subsidiary Company) in connection with contracts or tenders in the ordinary course of business or to secure workmen's compensation, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations, liens or claims incident to current construction or mechanics', warehousemen's, carriers' and other similar liens.

### **Definitions**

The following are the definitions hereinbefore referred to:

"Subsidiary Company" means:

- (a) any corporation designated as such by resolution of the directors of the Company and in which the Company owns such number of shares of such class or classes (other than preference shares) of the capital stock of such corporation as entitles it: (i) to receive, on any distribution of the assets of such corporation among its shareholders for the purpose of winding up its affairs, more than 50% of the amount to be distributed after deduction of the aggregate amount distributable to the holders of preference shares, if any; and (ii) to cast more than 50% of the votes at any general meeting of shareholders of such corporation excluding any votes attached to shares the holders of which acquire the right to such votes only upon the happening of a particular event or particular events and which voting right is subject to termination upon the happening of another particular event or other particular events; and
- (b) any corporation in which the Company and/or one or more other Subsidiary Companies owns or own such number of shares of such class or classes (other than preference shares) of the capital stock of such corporation as entitles it or them: (i) to receive, on any distribution of the assets of such corporation among its shareholders for the purpose of winding up its affairs, more than 90% of the amount to be distributed after deduction of the aggregate amount distributable to the holders of preference shares, if any; and (ii) to cast more than 90% of the votes at any general meeting of shareholders of such corporation excluding any votes attached to shares the holders of which acquire the right to such votes only upon the happening of a particular event or particular events and which voting right is subject to termination upon the happening of another particular event or other particular events; provided that any Subsidiary Company shall cease to be a Subsidiary Company only upon sale or other disposal of all of its shares, resulting in neither the Company nor any other Subsidiary Company owning any thereof, as permitted by the foregoing covenant (9).

"Shareholders' Equity" shall mean the aggregate of the following amounts appearing on a consolidated balance sheet of the Company and its Subsidiary Companies prepared as of the date of the determination thereof in accordance with generally accepted accounting practice, namely: (i) paid up capital, (ii) retained earnings or deficit, (iii) contributed surplus and capital surplus (other than a capital surplus arising from a revaluation of assets), and (iv) deferred income taxes.

"Funded Obligations" means any indebtedness, whether secured or unsecured, incurred by the Company and/or any one or more Subsidiary Companies by way of creation, issue, guarantee, assumption or otherwise, which is not payable on demand and the due date of payment of which, including any right of extension or renewal, is 18 months or more after the date on which it was incurred, but does not include Purchase Money Obligations or indebtedness under leases or lease agreements with or without options to purchase.

"Purchase Money Obligations" means (i) any indebtedness (whether unsecured or secured by any mortgages, hypothecs, charges, vendors' privileges, vendors' liens or other encumbrances of or on the property ac-



quired) representing any unpaid part of, or incurred to provide the whole or any part of, the consideration for the acquisition of any property by the Company or by any Subsidiary Company (before or after becoming a Subsidiary Company) and which is incurred by the Company and/or any one or more Subsidiary Companies (before or after becoming Subsidiary Companies) by way of creation, issue, guarantee, assumption or otherwise, and (ii) any renewal, refunding or extension of any of the said indebtedness not in excess of the outstanding principal amount of the indebtedness being renewed, refunded or extended, in all cases being not in excess of 75% of the property being acquired.

“Consolidated Net Tangible Assets” means (after eliminating all inter-company items among the Company and its Subsidiary Companies) the excess of (i) the total value of Consolidated Current Assets and of the following assets of the Company and of its Subsidiary Companies to the extent that such assets have not been included in Consolidated Current Assets, namely: land, buildings, plant, machinery, equipment and all other similar assets; mortgages, shares in any other corporation (not being a Subsidiary Company) and all other investments (at cost less adequate allowance as required in the opinion of the Company’s auditors); prepaid insurance and other prepaid charges; cash surrender value of life insurance policies payable to the Company and/or any of its Subsidiary Companies; operating authorities; excess cost of shares of Subsidiary Companies over book value of net assets; and any other assets which, in the opinion of the Company’s auditors, may properly be treated as tangible assets—over—(ii) all liabilities of the Company and its Subsidiary Companies other than liabilities to shareholders with respect to capital stock, surpluses of any nature (including in such surpluses any reserve in respect of tax reductions or deferred taxes and any reserves constituting in the opinion of the Company’s auditors a voluntary segregation of surplus and not deducted from assets) and liabilities in respect of the principal amount of Funded Obligations and in respect of the principal amount of Purchase Money Obligations which are not payable on demand and the due dates of payment of which, including any right of extension or renewal, are 18 months or more after the dates on which they are incurred. Contingent liabilities shall not be included in liabilities except to the extent, if any, which the Company’s auditors, in their opinion, consider they should be. Values of land, buildings, plant, machinery, equipment and all other similar assets shall be determined as follows: (i) the values of such assets of the Company and of those corporations which, at the time of the issuance of the Series A Debentures, are Subsidiary Companies shall be those at which they are shown in the consolidated balance sheet of the Company as at December 31, 1968, less accumulated depreciation as at that date, plus subsequent additions thereto at cost, all less adequate provision for depreciation from December 31, 1968 or subsequent date of acquisition; and (ii) the values of such assets of any other Subsidiary Company shall be the values at which they were carried in the books of such Subsidiary Company at the time it became a Subsidiary Company, less accumulated depreciation at that time, plus subsequent additions thereto at cost, all less adequate provision for depreciation from the time at which such Corporation became a Subsidiary Company or subsequent date of acquisition; provided that in lieu thereof the Company may, at its option, take as the values of all or any of such assets the values established by the report or reports of an independent appraisal company or independent appraisal companies less depreciation, if any, as shown by such report or reports, plus subsequent additions thereto at cost, all less adequate provision for depreciation from the date or dates of such report or reports or subsequent date of acquisition. The value of all assets and the amount of all liabilities shall be computed from a pro forma consolidated balance sheet of the Company and its Subsidiary Companies, as at a date not more than 180 days prior to the date of the action requiring determination thereof, adjusted to give effect to the proposed action and if such proposed action is the incurring of additional Funded Obligations to give effect to the application of all of the proceeds thereof, and the retirements, if any, referred to in the foregoing covenant (6), all as determined on a consolidated basis with due allowance for minority interests, if any, and all as reported upon by the Company’s auditors as at the date of such pro forma consolidated balance sheet and without, in their opinion, material adverse qualification. All computations of Consolidated Net Tangible Assets shall take into account any substantial changes in Consolidated Net Tangible Assets from the date of such pro forma consolidated balance sheet to the date of the action requiring determination thereof or to be effected concurrently with such action.

“Consolidated Net Earnings Available for Interest” for any specified period of 12 months means (after eliminating all inter-company items among the Company and its Subsidiary Companies) the aggregate excess, during such period of 12 months, of (i) the gross operating revenues of the Company and its Subsidiary Companies and dividends (other than stock dividends) received from other companies, interest, revenues and other income derived from all sources (exclusive of profits on the disposal or loss of fixed assets and investments and other non-recurring items in excess of \$25,000 in the aggregate in such period)—over—(ii) all administration, selling and operating expenses of every character (exclusive of losses on the disposal or loss of fixed assets and

investments and other non-recurring items in excess of \$25,000 in the aggregate in such period and exclusive of amortization of debt premium, discount and expense, and any charges made against earnings for the purpose of amortizing the book value of intangible assets), including, but without limiting the generality of the foregoing, insurance premiums, interest (other than interest on Funded Obligations and on Purchase Money Obligations which are not payable on demand and the due dates of payment of which, including any right of extension or renewal, are 18 months or more after the dates on which they were incurred, which interest shall not be considered to be an administration, selling or operating expense for the purposes of this definition), rentals, fees, payments for licences, and provision for normal depreciation and taxes (other than income and profits taxes, which taxes shall not be considered to be an administration, selling or operating expense for the purposes of this definition); all as determined on a consolidated basis in accordance with generally accepted accounting principles and reported upon by the Company's auditors without, in their opinion, material adverse qualification; provided that if the Company and/or any one or more of its Subsidiary Companies shall have acquired, within or after the period of 12 months for which Consolidated Net Earnings Available for Interest is being determined but prior to or concurrently with the incurring of the Funded Obligations in respect of which such determination is being made: (i) properties which within such period were used or operated in a business similar to that in which they are or are to be used or operated by the Company and/or such Subsidiary Companies; (ii) any business or part thereof by way of acquisition of assets; or (iii) any business by way of acquisition of shares of a company which shall have become a Subsidiary Company; then the earnings of such properties or of such business, as the case may be, for the whole of such period of 12 months may be included as if such properties had been owned by the Company and/or such Subsidiary Companies during the whole of such period or as if such business had been acquired prior to the commencement of such period, as the case may be; and provided further that if the Company and/or any one or more of its Subsidiary Companies shall have become committed under an agreement to purchase (i) properties which within the whole of the period of 12 months next preceding the date of such determination were used or operated in a business similar to that in which they are proposed to be used or operated by the Company and/or such Subsidiary Companies; (ii) any business or part thereof by way of acquisition of assets; or (iii) any business by way of acquisition of shares of a company (which, at the date of such determination, would qualify as a Subsidiary Company if such agreement to purchase was then completed and the company was so designated and which the Company covenants to designate as a Subsidiary Company forthwith after completion of the transaction); at the time at which Consolidated Net Earnings Available for Interest is being determined, as aforesaid, then for the purposes of such determination such purchase shall be deemed to have been completed concurrently with the incurring of the Funded Obligations in respect of which such determination is being made and the earnings of such properties, business or company, as the case may be, for the whole of such period of 12 months may be included as if such properties, business or company had been owned by the Company and/or such Subsidiary Companies or as if such company had been a Subsidiary Company during the whole of such period unless in the opinion of the Company's auditors the Company does not have access to data sufficient to enable auditors to determine such earnings in which case such earnings shall be disregarded. A declaration by the directors of the Company that the Company and/or any one or more of its Subsidiary Companies has become committed under an agreement to purchase such properties, business or company, as the case may be, and that adequate provision for the purchase price thereof has been made shall be conclusive and binding for the purposes of this provision.

Any determination of Consolidated Net Tangible Assets or Consolidated Net Earnings Available for Interest having been made and reported upon by the Company's auditors without, in their opinion, material adverse qualification the amount thereof at the date of the action requiring determination thereof shall be conclusively deemed to be not less than the stated amount thereof in such determination and such determination shall be conclusive and binding for all purposes of the Indenture.

For the purposes of the foregoing covenant (10) "fixed assets" shall mean land, buildings, plant, machinery, equipment and all other similar assets (excluding, for the purposes of the foregoing covenant (10), office furniture and equipment); and in determining the amount of the net proceeds of any sale or other disposal of fixed assets for the purposes of the foregoing covenant (10) there shall be deducted the principal amount of any indebtedness secured on such fixed assets which is assumed by the purchaser or paid off out of the proceeds of, or as incidental to, such disposal.

The expression "series of Funded Obligations" shall extend to a single Funded Obligation if issued other wise than as part of a series.

All calculations contemplated by the foregoing definitions shall be made in accordance with generally accepted accounting principles and on a basis most favourable to the Company in the circumstances.



# LIDLAW MOTORWAYS LIMITED

## AND SUBSIDIARY COMPANIES

(Note 1)

### CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(Unaudited)

FOR THE TEN MONTHS ENDED JUNE 30, 1969

										\$
BALANCE—BEGINNING OF PERIOD	....	....	....	....	....	....	....	....	....	774,510
Net earnings for the period	....	....	....	....	....	....	....	....	....	351,863
Expenses of public issue	....	....	....	....	....	....	....	....	....	(116,111)
BALANCE—END OF PERIOD	....	....	....	....	....	....	....	....	....	<u>1,010,262</u>

# LIDLAW MOTORWAYS LIMITED

## AND SUBSIDIARY COMPANIES

(Note 1)

### CONSOLIDATED STATEMENT OF EARNINGS

(Unaudited)

FOR THE TEN MONTHS ENDED JUNE 30, 1969

								10 Months Ended June 30, 1969	12 Months Ended August 31, 1968
								\$	\$
REVENUE	....	....	....	....	....	....	....	6,046,248	3,475,009
OPERATING EXPENSES	....	....	....	....	....	....	....	5,086,975	2,854,136
EARNINGS BEFORE DEPRECIATION	....	....	....	....	....	....	....	959,273	620,963
DEPRECIATION	....	....	....	....	....	....	....	328,982	209,432
EARNINGS BEFORE COST OF LONG-TERM DEBT AND NON-RECURRING ITEMS	....	....	....	....	....	....	....	630,291	411,531
COST OF LONG-TERM AND NON-RECURRING ITEMS									
Interest	....	....	....	....	....	....	....	85,369	56,027
Less: Discount received	....	....	....	....	....	....	....	56,000	—
Loss on sale of fixed assets	....	....	....	....	....	....	....	29,369	56,027
								—	16,447
								29,369	72,474
NET EARNINGS BEFORE INCOME TAXES	....	....	....	....	....	....	....	600,922	339,057
PROVISION FOR INCOME TAXES (note 4)									
Current	....	....	....	....	....	....	....	274,059	61,306
Deferred	....	....	....	....	....	....	....	(25,000)	120,000
								249,059	181,306
NET EARNINGS FOR THE PERIOD	....	....	....	....	....	....	....	<u>351,863</u>	<u>157,751</u>

# LIDLAW MOTORWAYS LIMITED

## AND SUBSIDIARY COMPANIES

### NOTES TO FINANCIAL STATEMENTS

(Unaudited)

FOR THE TEN MONTHS ENDED JUNE 30, 1969

#### 1. PRINCIPLES OF CONSOLIDATION

The operating subsidiary companies, Laidlaw Transport Limited and Canal Cartage (1968) Limited, contributed substantially all of the earnings during the periods under review, consequently, the August 31 fiscal year end of the operating company has been used as the basis for consolidation.

All inter-company transactions and profits have been eliminated in consolidation.

The periods of the parent companies and the subsidiary operating company have been consolidated as follows:

Consolidated	Laidlaw Motorways Limited	Laidlaw Transport Limited	Canal Cartage (1968) Limited
Year ended August 31, 1968	12 months ended April 30	12 months ended August 31	
10 months ended June 30, 1969	14 months ended June 30	10 months ended June 30	11 months ended June 30

#### 2. SECURITY FOR BANK LOANS

Book debts have been pledged as security for bank loans and advances.

#### 3. LONG-TERM DEBT

	\$	\$
Bank loans (secured) ....		35,302
Due on equipment ....		218,419
Mortgages payable—		
6% mortgage due November, 1970, payable \$6,000 semi-annually plus interest	18,000	
6% chattel mortgage due April, 1974, payable \$2,450 semi-annually plus interest	24,500	
7% chattel mortgage due October, 1974, payable \$2,500 monthly plus interest	160,000	
7½ % mortgage due April, 1970, payable \$2,000 annually plus interest ....	11,000	
9% chattel mortgage due August, 1973, payable \$3,113.75 monthly blended principal and interest ....	121,224	
9½ % mortgage due September, 1971 payable \$602.80 monthly blended principal and interest ....	50,408	385,132
7½ % Sinking Fund Debentures, Series A ....		1,000,000
		<hr/>
		1,638,853
Less: Due within one year ....		256,156
		<hr/>
		1,382,697

#### 4. INCOME TAXES AND DEPRECIATION

Deferred income taxes amounting to \$95,000 for the ten months ended June 30, 1969, arose through claiming capital cost allowances in excess of the depreciation charges recorded in the accounts. In the ten-month period ended June 30, 1969, depreciation recorded in the accounts exceeded the amount claimed for income tax purposes resulting in a reduction of the provision for income taxes during the period of \$25,000. The Company normally charges a full year's depreciation on additions acquired during the year. This policy was changed for the year ended August 31, 1968, because of the purchase of \$859,000 of automotive equipment on July 26, 1968. Only one month's depreciation was taken on these assets, since a full year's charge would have improperly increased depreciation expense by \$236,000. Had this change not been made, net earnings would have been understated by \$116,000. Prior to 1968 the Company recorded depreciation in the accounts at maximum rates allowed for income tax purposes.

Income tax returns of the Company and its subsidiary have been accepted as filed up to and including August 31, 1968. All the years included in the consolidated statement of earnings are open to re-assessment. Accounts provided for income taxes payable are considered to be adequate. No items are under dispute.

#### 5. SHARE PURCHASE WARRANTS

Of the authorized but unissued shares of the Company, 50,000 shares will be reserved for issue upon the exercise of the subscription rights evidenced by the share purchase warrants accompanying the 7½ % Sinking Fund Debentures, Series A.



6. COMMENTS

Minimum payments during the two months ending August 31, 1969, and the five years following August 31, 1969, under long-term hire-purchase agreements on automotive equipment total \$1,574,692 and are as follows:

				\$
2 months ending August 31, 1969	....	....	....	50,547
Year ending August 31, 1970	....	....	....	355,231
1971	....	....	....	355,231
1972	....	....	....	348,054
1973	....	....	....	298,243
1974	....	....	....	167,386
				<u>1,573,692</u>





*No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*

**New and Secondary Issue**

**\$1,550,000**

# Laidlaw Motorways Limited

(Incorporated under the laws of the Province of Ontario)

**\$1,000,000 7½% Sinking Fund Debentures, Series A, due June 15, 1989**

**With Share Purchase Warrants**

**and**

**200,000 Shares**

**(without par value)**

**Offered in Units consisting of a \$100 Debenture (with Warrants to purchase 5 Shares) and 20 Shares**

Of the 200,000 Shares offered by this prospectus, 125,000 are being sold by the Company and 75,000 Shares are being sold by the Selling Shareholder shown under "Principal Shareholder" on page 12. The Company will receive no part of the proceeds from the sale of such shares by the Selling Shareholder. There is no market for the Shares of the Company.

The 200,000 Shares without par value forming part of each unit will be transferable separately from the Series A Debentures from the date of issue. The 5 Share Purchase Warrants forming part of each unit will not be detachable from the Series A Debenture until June 15, 1970 or such earlier date as the Company may designate and will be exercisable at the price of \$4 per Share up to the close of business June 15, 1979. Further particulars relating to the Share Purchase Warrants are contained on pages 10 and 11.

In the opinion of counsel, the Series A Debentures and the Shares will be investments in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may invest its funds without resorting to the provisions of subsection (4) of Section 63 of the said Act and will also be investments in which Schedule C to the Regulations under the Pension Benefits Standards Act states that the funds of a pension plan registered thereunder may be invested without resorting to the provisions of Section 4 of the said Schedule C.

**Price: \$155 per Unit**

Per Unit . . . . .	Price to Public(1)	Underwriting Discount	Proceeds to Company(1)(2)	Proceeds to Selling Shareholder(3)
	\$155.00	\$6.925	\$126.925	\$21.150
<b>Total . . . . .</b>	<b>\$1,550,000</b>	<b>\$69,250</b>	<b>\$1,269,250</b>	<b>\$211,500</b>

(1) Plus accrued interest, if any, on the Series A Debentures.

(2) Before deduction of Company's portion of expenses of issue, estimated at \$48,000.

(3) Before deduction of the Selling Shareholder's portion of expenses of issue, estimated at \$2,000.

We, as principals, offer these units, subject to prior sale, if, as and when issued by the Company and accepted by us and subject to approval of all legal matters on behalf of the Company and the Selling Shareholder by Messrs. Evans, Ruddy & Husband, Hamilton and on our behalf by Messrs. Wahn, Mayer, Smith, Creber, Lyons, Torrance & Stevenson, Toronto who shall be entitled to rely on the opinion of the Company's counsel with respect to the title of the Company and its subsidiaries to their properties and the registration of and the priority of the lien created by the Trust Deed.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books without notice. It is expected that interim certificates for the Series A Debentures in fully registered form will be available on or about June 16, 1969. Series A Debentures in definitive form, with detachable Share Purchase Warrants will be available in exchange for interim Series A Debentures on or about June 15, 1970 or such earlier date as the Company may designate. It is expected that definitive share certificates will be available on or about June 16, 1969.

## DOMINION SECURITIES CORPORATION LIMITED

*Established 1901*

TORONTO  
HALIFAX  
KITCHENER

MONTREAL  
SAINT JOHN  
HAMILTON

OTTAWA  
QUEBEC  
BRANTFORD

VANCOUVER  
WINNIPEG  
ST. CATHARINES

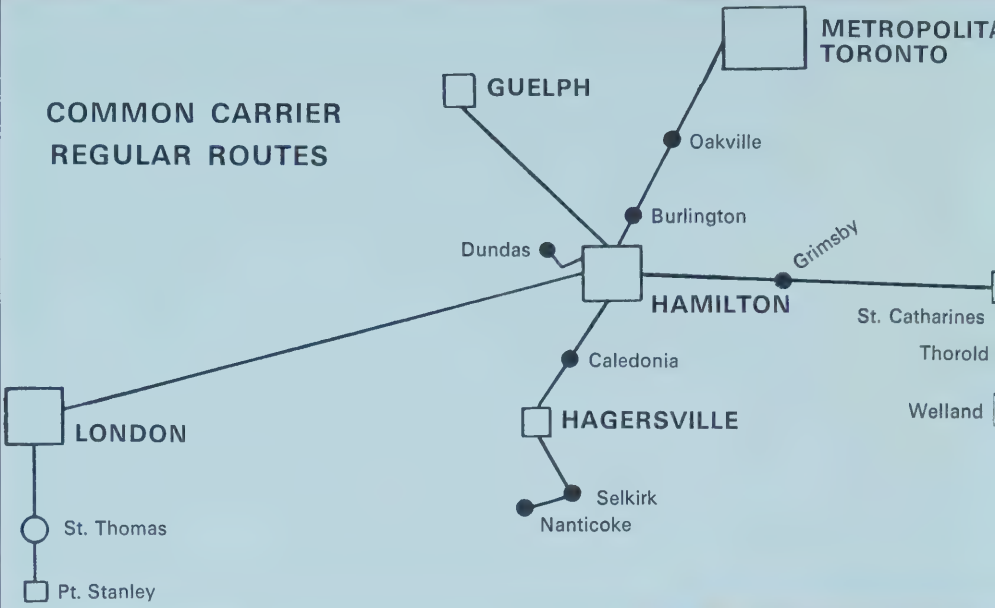
NEW YORK  
CALGARY

EDMONTON  
FORT WILLIAM

LONDON  
VICTORIA

BOSTON  
LONDON  
PETERBOROUGH

# COMMON CARRIER REGULAR ROUTES

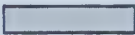


## LEGEND

Any Dry Commodity  
In Bulk Within Area



Specifically Named  
Dry Commodities  
In Bulk Between  
Ontario and Area



Major Points  
Of Business



Terminals



Truckload General  
Commodity Points



Certain irregular route, specific commodity authority, and restrictions on points served and commodities hauled contained in authority certificate are not indicated.





AREAS, ROUTES AND POINTS  
*Serviced by*  
**LIDLAW AND SUBSIDIARY COMPANIES**



## **Map of Routes**



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## **The Company**

Laidlaw Motorways Limited (the "Company") is a company continued under The Corporations Act (Ontario) by letters patent of amalgamation dated April 27, 1966 confirming an amalgamation agreement between Laidlaw Motor Sales Limited and Hepburn Transport Limited. By supplementary letters patent dated April 25, 1969 the Company, among other things, was converted to a public company, its share capital was altered and its name was changed from Laidlaw Motor Leasing Limited to the present form. Unless otherwise indicated the word the "Company", where used in this prospectus, includes the predecessor companies.

Laidlaw Transport Limited, a wholly-owned subsidiary of the Company, was incorporated as an Ontario private company by letters patent dated July 8, 1958 at which time it acquired the transportation business of a proprietorship founded in 1924. Canal Cartage (1968) Limited, also a wholly-owned subsidiary of the Company, was incorporated as an Ontario private company by letters patent dated April 19, 1968. In this prospectus, the word "Laidlaw", for convenience of reference, shall include the Company and such subsidiaries.

Laidlaw is a common carrier of general commodities by motor vehicle between most major Ontario points and some United States points. The head office of the Company is located at Hagersville, Ontario.

## **Business of Laidlaw**

### ***Nature of the Trucking Industry***

Highway transport has grown rapidly since the end of World War II. The improvement of existing roads and the construction of new highways have encouraged the rapid movement of goods in commercial vehicles. The flexibility of trucks has made transportation of goods and services possible wherever roads exist and has enabled many manufacturers and distributors to move from "downtown" locations to suburban sites. Shippers are no longer mainly dependent on rail or water for the movement of their raw materials or finished goods. Shipments of goods by highway transport can be made faster, more frequently and in smaller quantities, than is possible by either rail or ship.

The increased demand for commercial vehicles has led to specialization of equipment. Modern trailers are of several varieties. In addition to the so-called "stake and rack" or open trailer, the trucking industry uses closed vans, pneumatic tanks, dump and hopper vehicles, "trombone" or "pole" trailers, and low-bed or "goose-neck" equipment, each of which is subject to further refinement to suit the particular requirements of shippers. Laidlaw operates all of the above-mentioned types of equipment and is constantly experimenting with new models for the purpose of meeting the transportation requirements of its customers.

### ***Regulation***

In Ontario, since 1928, a motor carrier engaged in the transporting of goods owned by others has been subject to legislation which sets minimum standards for the protection of the public. Carriers are liable for loss or damage to merchandise entrusted to their care and are responsible for the safeguarding of funds from "cash on delivery" shipments. Public liability and property damage insurance is compulsory.

In Ontario, licences to operate public commercial vehicles and extensions of territories are granted upon the approval of the Ontario Highway Transport Board (the "O.H.T.B.") after public hearings at which all interested parties may make representations and upon proof of public convenience and necessity. A similar function is exercised by the Interstate Commerce Commission of the United States. Regulation of the motor carrier industry in Ontario has proven to be beneficial both to those who supply transportation services and to those who are serviced by the transport industry.

A new federal statute, the National Transportation Act of Canada, provides for the regulation of all modes of transport. Although the portion dealing with motor carriers is not yet effective Laidlaw does not expect to be adversely affected by this legislation.



## ***Tariffs***

Since 1963 the filing of tariffs of tolls has been compulsory in Ontario and such tariffs are available for public inspection at the O.H.T.B. This has led to disclosure by carriers of the rates charged for transportation, to the gradual elimination of discrimination and undue preference amongst shippers and to the stabilization of rates.

Rates for the transportation of freight to and from points within the United States, however, are subject to review and control by the Interstate Commerce Commission. Experience has shown that such rates are considerably higher than domestic rates.

## ***Description of Business***

Laidlaw is engaged in highway transportation primarily as a general commodity full truck load carrier to and from several major points in Ontario, a carrier of steel products for major steel companies and a carrier of dry commodities in bulk, in dump or specialized pneumatic tankers, within Ontario as well as to and from several points in the United States.

Laidlaw has a widely diversified group of approximately 1,300 regular customers. Some of the main commodities transported for these customers include gypsum products, components for automobile manufacture, steel, rubber, chemicals, ores, cement, oxides, sulphur, flour and lime.

Industry experience has shown that maximum profitability is achieved by keeping hauls within a distance of 500 miles. Laidlaw's operating policy is to concentrate its efforts in the area presently served as indicated by the map on page 2 where hauls are generally within 500 miles.

## ***Routes and Operating Authorities***

Laidlaw operates in the most industrialized part of Ontario and between Ontario and several of the United States as shown on the map on page 2. Since 1960, Laidlaw has engaged in a program for the extension of its licensed operations and expansion of operating facilities. The following table shows acquisitions of operating authorities and equipment made by Laidlaw during this period.

<u>Name of Vendor Company</u>	<u>Date</u>	<u>Principal Areas Served</u>
Lasby Transport Limited	December 1960	Guelph and Hamilton
Lockstein Transport Limited	February 1961	Tillsonburg, Courtland, Aylmer and Malahide Township
McGarvin Transport Limited	April 1964	Chatham and under limited authority, Windsor and Sarnia
Hepburn Transport Limited	June 1965	Port Stanley, St. Thomas, London, Hamilton and Metropolitan Toronto
Joseph Harrison Transport Limited	June 1966	Welland, St. Catharines, Hamilton, Oakville, Metropolitan Toronto and Sault Ste. Marie
Canal Cartage Limited and Quigley Construction Company Limited	July 1968	Dry bulk commodities within Ontario and between Ontario and New York, New Jersey, Pennsylvania, Michigan, Indiana, Ohio and Illinois

## ***Safety and Insurance***

Laidlaw has a full time director of safety, whose duties include promoting efficiency and safety over Laidlaw's system and in conjunction with the Transportation Safety Association of Ontario, conducting and arranging regular safety seminars in Laidlaw's various terminals. Special emphasis is placed on driver selection and education of applicants prior to participation in driver training programs. This program has contributed to excellent driving records of its employees.

Laidlaw insures its liability for injury, property damage, cargo and general liability to the amount of \$1,000,000, the premium for which is favourable as a result of its operating record.

### ***Employee Relations***

Laidlaw employs approximately 250 full-time employees and has always experienced excellent management-employee relations. Laidlaw provides group life insurance, hospital, surgical and pension benefits for all employees through contribution to its health, insurance and pension plans. In addition, Laidlaw has a performance bonus system for all drivers.

### ***Properties and Equipment***

#### ***Properties***

The principal terminals of Laidlaw, all of which are owned, are located at Hagersville, Guelph and London. In addition, Laidlaw leases terminals at Toronto, Hamilton, Sault Ste. Marie, Niagara Falls, Chatham and Windsor.

The Hagersville Terminal, consisting of 4,500 square feet of office facilities and 15,000 square feet of shop and storage facilities, is situated on 10 acres of property located adjacent to Highway No. 6 on the northern outskirts of Hagersville. In addition a new 10,000 square foot modern repair and maintenance shop, presently under construction on this property is scheduled for completion in August 1969. Laidlaw also has 20,000 square feet of shop and storage facilities on two acres of land located approximately three miles north of the Hagersville Terminal.

The Guelph Terminal, which was constructed within the past two years, consists of 1,500 square feet of office facilities and 13,500 square feet of repair, maintenance, storage and dock facilities and is located on 10 acres of property on the west side of Highway No. 6, approximately one-half mile north of Highway No. 401.

The London Terminal is located on 10 acres of property approximately one-half mile south of Highway No. 401 on the east side of Highway No. 126. The buildings, constructed in 1967, consist of 1,000 square feet of office facilities and 2,600 square feet of shop and dock facilities.

All references to square footage and acreage in the above paragraphs are approximate.

#### ***Equipment***

Laidlaw operates and maintains approximately 560 pieces of automotive equipment. To achieve maximum efficient utilization of its tractors, Laidlaw operates its equipment on a unit basis, a unit consisting of approximately 2 trailers for each tractor, which minimizes non-productive downtime of tractors while trailers are being loaded or unloaded. Laidlaw owns 116 tractors, 198 trailers and additional miscellaneous equipment including pickup trucks. Under hire-purchase agreements entered into with equipment manufacturers, Laidlaw also operates 31 tractors and 69 trailers. Laidlaw's financial obligations under such agreements and under conditional sales contracts and chattel mortgages of equipment are set forth in Note 4 to the Financial Statements of the Company on page 17.

Laidlaw is engaged in a program of both expansion and modernization and is presently negotiating to acquire, under hire-purchase agreements, 33 new diesel power tractors and 50 new trailers for delivery between May and August of 1969. Laidlaw presently employs in its various terminals 28 mechanics and maintenance men who carry out most of the required maintenance and repair of its equipment. All of Laidlaw's equipment is in good operating condition.

Reference is made to "Capitalization" on page 7 for information concerning encumbrances against the properties and equipment.

## Capitalization

	Authorized	Outstanding on December 31, 1968	Outstanding on March 31, 1969	Outstanding on March 31, 1969 after giving effect to this financing
Current bank advance (secured) <sup>(1)</sup> . . . . .	\$ —	\$ 61,727	\$ —	\$ —
Long-Term Debt:				
Bank loans (secured) <sup>(1)</sup> . . . . .	—	57,231	39,717	39,717
Conditional sales contracts and chattel mortgages <sup>(2)</sup> . . . . .	—	1,156,777	1,079,781	584,921
Mortgages payable <sup>(3)</sup> . . . . .	—	95,725	94,865	94,865
6% Note payable, due March, 1970 . . . .	—	40,866	39,471	39,471
7½% Sinking Fund Debentures, Series A, due June 15, 1989 . . . . .	1,000,000	—	—	1,000,000
Capital Stock: <sup>(4)(5)(6)</sup>				
Shares without par value . . . . .	2,000,000 shs.	600,150 shs. (\$8,002)	600,150 shs. (\$8,002)	725,150 shs. (\$383,002)

### Notes:

- (1) Book debts have been pledged as security.
- (2) Indebtedness created in connection with the purchase of automotive equipment and secured by mortgages and liens on such equipment, maturing not later than 1978 and bearing interest at rates varying from 6% to 13% per annum with a present average rate of approximately 7.8% per annum. Reference is made to Note 8 of the Notes to the Financial Statements on page 18 with respect to hire-purchase obligations.
- (3) Indebtedness created in connection with the purchase or other acquisition of lands and terminal facilities secured by mortgages of such properties maturing not later than 1972 and bearing interest at rates varying from 6% to 9½% per annum with a present average rate of 8¼% per annum.
- (4) By supplementary letters patent dated April 25, 1969 the Company's 8,002 issued common shares were subdivided on the basis of 75-for-1 and its authorized capital was increased to 2,000,000 shares without par value. The authorized and issued shares as shown in this table gives effect to the issuance of such supplementary letters patent.
- (5) In addition to the stated paid-in capital for its shares as shown above the Company had consolidated retained earnings of \$896,017 at December 31, 1968.
- (6) 50,000 shares will be reserved for the exercise of the Share Purchase Warrants to accompany the Series A Debentures offered by this prospectus.

## Use of Proceeds

The net proceeds to be received by the Company from the sale of the Series A Debentures and 125,000 Shares amounting to \$1,269,250 less expenses of the issue estimated at \$48,000 will be used to the extent of approximately \$500,000 to repay certain long-term debt. The balance of such net proceeds, amounting to approximately \$721,250 will be added to the working capital of the Company and will be used to further the Company's activity in the field of transportation (including continued expansion and modernization of the Company's equipment and terminals). No part of the proceeds from the sale of 75,000 Shares purchased from the Selling Shareholder will be received by the Company.

## Plan of Distribution

Under an agreement dated May 21, 1969 between the Company, Michael George DeGroote (the "Selling Shareholder") and Dominion Securities Corporation Limited (the "Underwriter"), the Company and the Selling Shareholder have agreed to sell and the Underwriter has agreed to buy \$1,000,000 principal amount of 7½% Sinking Fund Debentures, Series A and 200,000 Shares for an aggregate price of \$1,480,750. The purchase price is payable in cash against delivery of the Series A Debentures and certificates for the Shares on or about June 16, 1969. The obligations of the Underwriter are subject to the fulfillment of the necessary legal requirements and certain other terms and conditions set out in the said agreement, but in no event may it purchase part only of the Series A Debentures or Shares offered hereby.



Pursuant to the said underwriting agreement, the Selling Shareholder has agreed not to sell or otherwise dispose of any shares of the Company for a period of one year from the date of the final prospectus without the prior consent of Dominion Securities Corporation Limited.

### **Details of the Offering**

The Series A Debentures and Shares are being offered in units (the "Units"), each consisting of \$100 principal amount of Series A Debentures and 20 Shares.

The purchasers of each Unit will receive, on or about June 16, 1969, a definitive share certificate representing 20 Shares and a Series A Debenture in interim fully registered form.

Series A Debentures in definitive fully registered or coupon form will be available in exchange for interim Series A Debentures on or about June 15, 1970 or such earlier date as the Company may designate. Share Purchase Warrants (the "Warrants") in bearer form entitling the holders to purchase 5 Shares of the Company, as presently constituted, for each \$100 principal amount of Series A Debentures will be attached to the Series A Debentures when issued in definitive form. The Warrants will be detachable and exercisable at the price of \$4 per share at any time up to June 15, 1979 when they expire.

### **Description of the Series A Debentures**

The Series A Debentures offered by this prospectus are to be issued under a trust indenture (the "Trust Deed") to be dated as of June 1, 1969 and to be made between the Company and Guaranty Trust Company of Canada, as Trustee.

The Series A Debentures will be dated as of June 16, 1969, will mature on June 15, 1989 and will bear interest at the rate of  $7\frac{1}{2}\%$  per annum payable half-yearly on June 15 and December 15 in each year. The principal of and interest and premium, if any, on the Series A Debentures will be payable in lawful money of Canada at any branch in Canada of the Company's bankers designated in such Debentures, at the holder's option. Interim Series A Debentures will be available in registered form in denominations of \$100 and authorized multiples thereof. Definitive Series A Debentures will be available in coupon form registrable as to principal only in the denomination of \$100 and in fully registered form in denominations of \$100 and authorized multiples thereof.

The following is a summary of the principal terms and conditions of the Series A Debentures and of the Trust Deed under which they will be issued. This summary does not purport to be complete and is qualified in its entirety by reference to the Trust Deed.

### **Security**

The Series A Debentures will be direct obligations of the Company, will rank equally and rateably with all other debentures of the Company to be issued and outstanding under the Trust Deed (except for varying maturity dates and sinking funds pertaining exclusively to any particular issue of debentures issued under the Trust Deed) and subject to Minor Title Defects, Permitted Encumbrances and the last day of the term of any lease or agreement therefor will, in the opinion of counsel, be secured by:

- (a) a first fixed and specific mortgage, pledge and charge of and on all shares and other securities of Subsidiary Companies held by the Company; and
- (b) a floating charge on the undertaking and business and all other properties and assets of the Company.

The Series A Debentures will also be secured by Indentures of Guarantee between the Trustee and all Subsidiary Companies whereby such Subsidiary Companies shall unconditionally guarantee the payment by the Company of the principal, interest and premium, if any, on the Series A Debentures secured by the Trust Deed and the performance by the Company of all other obligations on its part therein contained, which Indentures of Guarantee shall be secured by like fixed and specific mortgages, pledges and charges and by like floating charges. The Trust Deed and the Indentures of Guarantee will not be registered against real and immoveable property.

The fixed and specific mortgages, pledges and charges created by the Company and the Subsidiary Companies under the Trust Deed and the Indentures of Guarantee respectively, will be expressed to cover all future acquired properties or assets of the nature described above.

The Trust Deed and the Indentures of Guarantee will provide that the said first floating charges created thereby shall in no way hinder or prevent the Company or any Subsidiary Company at any time and from time to time (unless and until the security constituted by the Trust Deed shall have become enforceable and the Trustee shall have determined or become bound to enforce the same) from

- (a) dealing with the subject matters of such floating charges in the ordinary course of business; or
- (b) giving security upon the subject matters of such floating charges to any bank or banks or others for indebtedness created or incurred in the ordinary course of business and for the purpose of carrying on the same which is payable on demand or the due date of payment of which including any right of extension or renewal is within 18 months of the date when such indebtedness was created or incurred; or
- (c) giving or assuming Purchase Money Obligations

all as more specifically described in the Trust Deed.

### **Redemption**

The Series A Debentures will not be redeemable prior to June 15, 1984, in whole or in part for other than sinking fund purposes, unless the Company shall have filed with the Trustee a certified copy of a resolution of its directors declaring that such Series A Debentures are not being redeemed from or in anticipation of any proceeds of indebtedness for borrowed money directly or indirectly incurred or to be incurred by the Company which has or will have an effective interest cost (determined in accordance with generally accepted financial practice) to the Company of less than 7½% per annum. Subject to the foregoing, the Series A Debentures will be redeemable prior to maturity in whole at any time or in part from time to time at the option of the Company, on not less than 30 days notice, for other than sinking fund purposes, at 107.50% of the principal amount thereof together with accrued and unpaid interest to the date fixed for redemption if redeemed on or before June 15, 1970 and thereafter at the following percentages of the principal amount thereof, together in each case with accrued and unpaid interest to the date fixed for redemption:

<u>If redeemed in the</u> <u>12 months ending June 15</u>	<u>Percentage</u>	<u>If redeemed in the</u> <u>12 months ending June 15</u>	<u>Percentage</u>
1971.....	107.05	1980.....	103.00
1972.....	106.60	1981.....	102.55
1973.....	106.15	1982.....	102.10
1974.....	105.70	1983.....	101.65
1975.....	105.25	1984.....	101.20
1976.....	104.80	1985.....	100.75
1977.....	104.35	1986.....	100.30
1978.....	103.90	1987.....	100.00
1979.....	103.45	1988.....	100.00

The Company will be entitled to purchase Series A Debentures in the market or by tender or by private contract at any price not exceeding the redemption price at which such Debentures, at the date of purchase, are redeemable for other than sinking fund purposes, plus accrued and unpaid interest and costs of purchase.

### **Sinking Fund**

The Company will covenant in the Trust Deed to establish a sinking fund sufficient to retire \$50,000 principal amount of Series A Debentures on or before June 15, in each of the years 1971 to 1988 inclusive. Such sinking fund payments will provide for the retirement of 90% of the original principal amount of Series A Debentures prior to maturity. Series A Debentures purchased or redeemed, other than for sinking fund purposes, shall be available to the Company as a sinking fund credit which, at the option of the Company, may be applied, to the extent not theretofore applied, to the satisfaction in whole or in part of sinking fund requirements.

The Trust Deed will not permit the Company to anticipate sinking fund obligations by the deposit of cash with the Trustee.

Series A Debentures purchased for or redeemed through the sinking fund shall be cancelled and shall not be reissued.

## ***Covenants***

The Trust Deed will contain covenants which together with the required definitions, are more particularly described in the Schedule to this prospectus on page 20 and following.

## ***Modification of the Trust Deed***

The rights of a Series A Debenture holder under the Trust Deed and indentures supplemental thereto may be modified. For that purpose, among others, the Trust Deed will contain provisions for the holding of meetings of Series A Debenture holders and for rendering resolutions passed at such meetings and instruments in writing signed by the holders of a specified percentage of the Series A Debentures binding upon all holders of the Series A Debentures, subject to the provisions of the Trust Deed.

## ***Interest Requirements***

The maximum annual interest requirements of all long-term debt of the Company to be outstanding after giving effect to the present financing will amount to approximately \$130,800 per annum. Series A Debenture interest requirements will decrease as the sinking fund operates and as Series A Debentures are retired. Consolidated net earnings available for interest for the year ended August 31, 1968 amounted to \$395,084 or approximately 3.0 times the said maximum annual interest requirements.

## ***Asset Coverage***

The accompanying pro forma consolidated balance sheet of the Company and its subsidiary companies at December 31, 1968 shows Consolidated Net Tangible Assets (as defined in the Schedule hereto on page 23) to be as follows:

Current assets.....	\$1,678,941
Deduct current liabilities.....	902,757
Net current assets.....	776,184
Net fixed assets.....	1,496,668
Operating authorities.....	261,750
Consolidated net tangible assets.....	2,534,602
Excess of cost of shares of subsidiary over book value of net assets.....	272,000
Consolidated net tangible assets as defined (before deduction of long-term debt)	<u>\$2,806,602</u>

Such consolidated net tangible assets as defined are equivalent to approximately \$176 for each \$100 principal amount of long-term debt to be outstanding.

## **Description of the Share Purchase Warrants**

Warrants entitling the bearers thereof to purchase an aggregate of 50,000 Shares of the Company, as presently constituted, at the price of \$4 per Share at any time after receipt and up to the close of business on June 15, 1979 when they will expire, will be issued by the Company in accordance with the provisions of an indenture (the "Warrant Indenture") to be made as of June 1, 1969 between the Company and Guaranty Trust Company of Canada, as Trustee. The Warrants will be attached to the Series A Debentures, when issued in definitive form, and will entitle the bearer to purchase 5 Shares for each \$100 principal amount of Series A Debentures. The Series A Debentures in definitive form will be available on June 15, 1970, or such earlier date as the Company may designate, at which time the Warrants will be detachable and exercisable.



The Warrant Indenture will contain provisions to the effect that, in the event of (a) any reduction in the number of Shares of the Company due to consolidation thereof, or (b) any increase in the number of such Shares due to subdivision thereof, or (c) any reclassification of such Shares, a proportionate adjustment shall be made in the number of Shares or kind of shares issuable pursuant to the exercise of the Warrants subsequent to any such change in the number of Shares or kind of shares becoming effective.

The Warrant Indenture will also contain other provisions to the effect that if the Company, at any time after June 16, 1969, issues or sells shares (with certain exceptions to be set forth in the Warrant Indenture, including the exercise of employee stock options, or the issue of shares pursuant to stock purchase or analogous plans), including shares issued by way of stock dividend, at a price different from the purchase price in effect under the Warrants immediately prior to the issuance of such shares, or issues any shares on the exercise of rights to subscribe for or warrants to purchase shares, or of any options for the purchase of shares or on conversion of any securities convertible into or exchangeable for shares and the consideration per share for which shares were issued pursuant to such rights, warrants, options or convertible or exchangeable securities or otherwise is in any case less than the said purchase price in effect under the Warrants immediately prior to the issuance of such shares, the said purchase price shall be adjusted (in the manner to be set forth in the Warrant Indenture) so as to protect the rights of the holders of the Warrants against dilution; provided that no adjustment is to be made as a result of the issue of Shares which would have the effect of increasing the purchase price above \$4 per Share up to June 15, 1979 as such prices may be increased or decreased to reflect any consolidation or subdivision of Shares. The Company will covenant in the Warrant Indenture that it will at all times reserve sufficient of its unissued Shares to satisfy the exercise of the Warrants.

The Company will covenant in the Warrant Indenture during the period in which the Warrants are exercisable to give public notice before taking certain actions, including the payment of a stock dividend on its Shares, the making of any other distribution on its Shares other than cash dividends, or the issue of rights to the holders of its Shares, such notice to be given at least 21 days prior to the record date for the determination of the shareholders entitled to such dividend, distribution or rights. Such notice need only set forth such particulars of such dividend, distribution or rights as shall have been determined at the date the notice is given.

The Warrant Indenture will provide that the Company shall not be required to issue fractional Shares upon exercise of the Warrants. The Company shall, at its option, in lieu of delivering a fractional Share either adjust such fractional interest by payment of an amount in cash equal to the current market value of such fractional interest or issue a scrip certificate of the Company in respect of such fractional interest, which scrip certificate when surrendered to the Company's Transfer Agent together with similar scrip certificates representing in the aggregate the right to subscribe for at least one full Share shall, upon payment of the purchase price, be exchangeable for a share certificate or certificates for the number of full Shares called for by all the scrip certificates to be surrendered.

### **Description of Shares**

The authorized capital of the Company consists of 2,000,000 Shares without par value of which 725,150 (including 200,000 Shares being offered by this prospectus) will be issued and outstanding as fully paid and non-assessable upon completion of this financing. In addition 50,000 Shares will be reserved for issuance upon exercise of the Warrants referred to under the heading "Description of the Share Purchase Warrants" on page 10. The Shares are entitled to such dividends as may be declared thereon by the board of directors, to one vote per share and, upon liquidation, to receive pro rata such assets of the Company as are distributable to shareholders.

### **Dividend Policy**

No dividends have been declared on the Shares, however, the board of directors has expressed the intention to consider the declaration and payment of cash dividends on the Shares on a regular basis subject to applicable laws and the provisions of the Trust Deed. The payment of cash dividends and other forms of dividends on the Shares will be subject to the discretion of the board of directors and to such policy as it may adopt from time to time and on the financial position of the Company at the relevant times.

## Management

### Directors and Officers

The names and home addresses of the directors and officers of the Company, the positions and offices held by each and their principal occupations for the past five years are as follows:

<u>Name</u>	<u>Office</u>	<u>Principal Occupation</u>
Michael George DeGroot..... 128 Judith Crescent, Ancaster, Ontario	President and Director...	President, Laidlaw Motorways Limited.
Robert Glenn Groom, Q.C..... 415 Broadway, Tillsonburg, Ontario	Director.....	Barrister and Solicitor.
Benjamin Raxlen, M.D..... 12 Edmund Avenue, Toronto, Ontario	Director.....	Treasurer, Doctors Hospital, Toronto.
Brian John Reid, C.A..... 114 Aberdeen Avenue, Hamilton, Ontario	Treasurer.....	Chief Financial Officer, Laidlaw Motorways Limited since May 1, 1967. From April 1966 to April 1967 he was employed by McDonald, Currie & Co., Chartered Accountants. Prior to April 1966 he was employed by Crew, Turnbull & Co., Chartered Accountants, England.
Jeromy Richard Ruty..... 582 Deborah Crescent, Burlington, Ontario	Secretary and Director...	Partner, Evans, Ruty & Husband, Corporate counsel for Laidlaw Motorways Limited.
Halliwell Soule, Q.C..... 587 Sharalin Court, Burlington, Ontario	Vice-President and..... Director	President, Hamilton Trust & Savings Corporation.

### Remuneration

The aggregate direct remuneration paid by Laidlaw to certain employees, its senior officers and directors, as a group, was \$77,253 for Laidlaw's last completed financial year ended August 31, 1968 and was \$38,708 for the period from September 1, 1968 to March 31, 1969.

### Principal Shareholder

As of March 31, 1969, the Selling Shareholder, M. G. DeGroot, President of the Company owned beneficially and of record (other than directors' qualifying shares) all of the outstanding shares of the Company. Upon completion of this underwriting Mr. DeGroot will own 525,150 shares of the Company, representing 72.4% of the outstanding shares of the Company. In 1966 Mr. DeGroot took the initiative in amalgamating Laidlaw Motor Sales Limited and Hepburn Transport Limited as the Company and may thereby be considered a promoter of the Company within the meaning of applicable securities legislation. Upon such amalgamation Mr. DeGroot received 7,500 common shares (equivalent to 560,500 shares as a result of the 75-for-1 subdivision of shares on April 25, 1969) of the Company in exchange for all of the issued and outstanding shares of Hepburn Transport Limited.

### Material Contracts

Except for contracts in the ordinary course of business, the only material contracts entered into by Laidlaw within two years preceding the date of this prospectus are:

- (1) The underwriting agreement referred to under the heading "Plan of Distribution" on page 7.
- (2) An agreement with Canal Cartage Limited and Quigley Construction Company Limited whereby Laidlaw on July 26, 1968 purchased a portion of the businesses and assets of such companies for a purchase price of approximately \$910,000.

A copy of these agreements and, when executed, the Trust Deed and the Warrant Indenture may be inspected at the head office of the Company during the period of primary distribution of the securities offered hereby, and for 30 days thereafter.

#### **Auditors**

The Company's auditors are McDonald, Currie & Co., Chartered Accountants, 105 Main Street East, Hamilton, Ontario.

#### **Transfer Agent and Registrar**

The transfer agent and registrar for the Shares of the Company is Guaranty Trust Company of Canada at its principal offices located in Hamilton, Toronto and Montreal.

The register for the Series A Debentures will be kept at the principal offices of Guaranty Trust Company of Canada in Hamilton, Toronto and Montreal.

#### **Purchasers' Statutory Rights of Withdrawal and Rescission**

Sections 63 and 64 of The Securities Act, 1966 (Ontario), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), sections 63 and 64 of The Securities Act, 1967 (Alberta) and sections 63 and 64 of The Securities Act, 1968 (Manitoba) provide, in effect, that where a security is offered to the public in the course of primary distribution:

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent; and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide, in effect, that a purchaser has a right of rescission similar to that described in (b) above, and also that a purchaser has the right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.

Reference is made to the said Acts for the complete text of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.



# Laidlaw Motorways Limited

and Subsidiary Companies

(Notes 1 and 2)

## Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet December 31, 1968

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet (Note 1)
<b>ASSETS</b>		
Current Assets		
Cash.....	\$ 11,444	\$ 733,691
Trade accounts receivable (Note 3).....	468,494	725,877
Other notes and accounts receivable.....	52,053	57,068
Due from associated company.....	301,790	—
Inventory, at the lower of cost or net realizable value.....	67,676	67,676
Prepaid and deferred expenses.....	94,629	94,629
	<u>996,086</u>	<u>1,678,941</u>
Fixed Assets—at cost		
Land.....	70,388	70,388
Buildings.....	255,878	255,878
Equipment and property.....	111,711	111,711
Automotive equipment (Note 3).....	2,493,476	2,508,643
	<u>2,931,453</u>	<u>2,946,620</u>
Less accumulated depreciation.....	1,446,748	1,449,952
	<u>1,484,705</u>	<u>1,496,668</u>
Other Assets—at cost		
Deferred finance and other charges.....	20,105	20,105
Operating authorities.....	191,750	261,750
Excess cost of shares of subsidiary over book value of net assets.....	272,000	272,000
Debenture discount and financing expenses.....	—	153,750
	<u>483,855</u>	<u>707,605</u>
	<u>\$2,964,646</u>	<u>\$3,883,214</u>

Signed on behalf of the Board:

(Signed) M. G. DeGroote, Director

(Signed) Jeromy Rutty, Director

*The accompanying notes are an integral part of the financial statements.*

# Laidlaw Motorways Limited

and Subsidiary Companies

(Notes 1 and 2)

## Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet December 31, 1968

### LIABILITIES

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet (Note 1)
Current Liabilities		
Bank advances (secured).....	\$ 61,727	\$ 62,281
Accounts payable and accrued liabilities.....	403,124	449,138
Income taxes payable.....	135,177	132,177
Long-term debt due within one year.....	313,161	259,161
	<u>913,189</u>	<u>902,757</u>
Long-Term Debt (Note 4).....	1,037,438	1,591,438
Deferred Income Taxes (Note 5).....	110,000	110,000
	<u>2,060,627</u>	<u>2,604,195</u>

### SHAREHOLDERS' EQUITY

Capital Stock		
Authorized—(Notes 1 and 6)		
1,062 6% non-cumulative preferred shares with a par value of \$100 each redeemable at par (pro forma—nil)		
300,000 common shares without nominal or par value (pro forma—2,000,000 shares without par value)		
Issued—		
8,002 common shares (pro forma—725,150 shares).....	8,002	383,002
Retained Earnings.....	<u>896,017</u>	<u>896,017</u>
	<u>904,019</u>	<u>1,279,019</u>

\$2,964,646      \$3,883,214

*The accompanying notes are an integral part of the financial statements.*

# Laidlaw Motorways Limited

and Subsidiary Companies

(Notes 1 and 2)

## Consolidated Statements of Earnings and Retained Earnings For the Five Years and Four Months Ended December 31, 1968

	Four months ended December 31		Year Ended August 31				
	1968	1967	1968	1967	1966	1965	1964
	(unaudited)						
<b>Earnings</b>							
Revenue (Note 7) . . . .	\$1,650,633	\$1,000,905	\$3,475,099	\$3,002,857	\$2,643,525	\$1,395,195	\$980,037
Operating expenses . . .	1,234,667	819,842	2,854,136	2,397,459	2,089,528	1,073,137	778,742
Operating profit before deducting deprecia- tion and interest . . .	415,966	181,063	620,963	605,398	553,997	322,058	201,295
Depreciation . . . . .	136,712	75,516	209,432	233,638	218,876	122,432	109,123
Interest on long-term debt . . . . .	35,168	21,360	56,027	47,302	20,919	21,615	31,300
	171,880	96,876	265,459	280,940	239,795	144,047	140,423
Earnings before non- recurring items . . . .	244,086	84,187	355,504	324,458	314,202	178,011	60,872
<b>Non-recurring gains (losses)</b>							
Loan receivable written off . . . . .	—	—	—	—	—	—	(18,593)
Gain on sale of investment . . . . .	—	—	—	—	—	—	25,000
Gain (loss) on sale of fixed assets . . . .	2,695	10,800	(16,447)	16,216	—	—	—
Earnings before income taxes . . . . .	246,781	94,987	339,057	340,674	314,202	178,011	67,279
<b>Provision for income taxes (Note 5)</b>							
Current . . . . .	135,274	34,119	61,306	162,527	153,187	90,158	47,690
Deferred . . . . .	(10,000)	—	120,000	—	—	—	—
	125,274	34,119	181,306	162,527	153,187	90,158	47,690
Net earnings for the period (Note 7) . . . .	\$ 121,507	\$ 60,868	\$ 157,751	\$ 178,147	\$ 161,015	\$ 87,853	\$ 19,589
<b>Retained Earnings</b>							
Balance, beginning of period . . . . .	\$ 774,510	\$ 616,759	\$ 616,759	\$ 438,612	\$ 257,888	\$ 170,035	\$150,446
Net earnings for the period . . . . .	121,507	60,868	157,751	178,147	161,015	87,853	19,589
Retained earnings aris- ing from prior amal- gamation . . . . .	—	—	—	—	19,709	—	—
Balance, end of period	\$ 896,017	\$ 677,627	\$ 774,510	\$ 616,759	\$ 438,612	\$ 257,888	\$170,035

The accompanying notes are an integral part of the financial statements.



## Notes to Financial Statements

### 1. Pro Forma Consolidated Balance Sheet

The pro forma consolidated balance sheet gives effect at December 31, 1968 to the following transactions:

- (a) The issuance of supplementary letters patent dated April 25, 1969, changing the name of the company from Laidlaw Motor Leasing Limited to Laidlaw Motorways Limited, converting the company from a private to a public company, changing the authorized capital of the company to consist of 2,000,000 shares without par value by subdividing its 8,002 issued and outstanding common shares on the basis of 75-for-1 and authorizing an additional 1,107,852 shares and cancelling the authorized preferred shares.
- (b) The acquisition of all the outstanding common shares of an associated company Canal Cartage (1968) Limited. The effect on net assets and earnings is immaterial.
- (c) The issue and sale, pursuant to an underwriting agreement between the company and Dominion Securities Corporation Limited dated May 21, 1969 of \$1,000,000 principal amount of 7½% Sinking Fund Debentures, Series A with share purchase warrants attached and 125,000 shares for \$1,269,250.
- (d) The payment of expenses of issue estimated at \$48,000.
- (e) The retirement of long-term debt in the amount of \$500,000

### 2. Principles of Consolidation

Laidlaw Motor Leasing Limited was incorporated on April 27, 1966. The company was formed through the amalgamation of Laidlaw Motor Sales Limited, the former parent company of Laidlaw Transport Limited, and Hepburn Transport Limited, a privately owned associated company.

The operating subsidiary company, Laidlaw Transport Limited, contributed all of the earnings during the periods under review, consequently, the August 31 fiscal year end of the operating company has been used for comparative purposes.

All inter-company transactions and profits have been eliminated in consolidation.

The periods of the parent companies and the subsidiary operating company have been consolidated as follows:

<u>Consolidated</u>	<u>Laidlaw Motor Sales Limited</u>	<u>Laidlaw Motor Leasing Limited</u>	<u>Laidlaw Transport Limited</u>
Year ended—			
August 31, 1963-5	12 months ended December 31		12 months ended August 31
1966	4 months ended April 30		12 months ended August 31
1967-8		12 months ended April 30	12 months ended August 31
4 months ended			
December 31, 1967-8		8 months ended December 31	4 months ended December 31

### 3. Security for Bank Loans

Book debts have been pledged as security for bank loans and advances.

### 4. Long-Term Debt

	<u>Consolidated</u>	<u>Pro Forma Consolidated</u>
Bank loans (secured) . . . . .	\$ 57,231	\$ 57,231
Due on equipment . . . . .	306,562	306,562
Mortgages payable		
6% mortgage due November 1970 payable \$6,000 semi-annually plus interest . . . . .	\$ 24,000	
6% chattel mortgage due April 1974 payable \$2,450 semi-annually plus interest . . . . .	26,950	
7% chattel mortgage due October 1974 payable \$2,500 monthly plus interest . . . . .	175,000	
7% chattel mortgage due August 1978 payable \$4,500 monthly plus interest . . . . .	508,359	
7½% mortgage due April 1970 payable \$2,000 annually plus interest . . . . .	13,000	
7½% mortgage due November 1972 payable \$600 semi-annually plus interest . . . . .	4,700	
9% chattel mortgage due August 1973 payable \$3,113.75 monthly blended principal and interest . . . . .	139,906	
9½% Mortgage due September 1971 payable \$602.80 monthly blended principal and interest . . . . .	54,025	
	<u>945,940</u>	<u>445,940</u>
Note Payable		
6% note due March 1970 payable \$10,000 annually plus interest . . .	40,866	40,866
7½% Sinking Fund Debentures, Series A . . . . .	—	1,000,000
	<u>1,350,599</u>	<u>1,850,599</u>
Less due within one year . . . . .	313,161	259,161
	<u>\$1,037,438</u>	<u>\$1,591,438</u>

## 5. Income Taxes and Depreciation

Deferred income taxes amounting to \$120,000 for the year ended August 31, 1968 arose through claiming capital cost allowances in excess of the depreciation charges recorded in the accounts. In the four month period ended December 31, 1968 depreciation recorded in the accounts exceeded the amount claimed for income tax purposes resulting in a reduction of the provision for income taxes during the period of \$10,000. The company normally charges a full year's depreciation on additions acquired during the year. This policy was changed for the year ended August 31, 1968 because of the purchase of \$859,000 of automotive equipment on July 26, 1968. Only one month's depreciation was taken on these assets, since a full year's charge would have improperly increased depreciation expense by \$236,000. Had this change not been made, net earnings would have been understated by \$116,000. Prior to 1968 the company recorded depreciation in the accounts at maximum rates allowed for income tax purposes.

Income tax returns of the company and its subsidiary have been accepted as filed up to and including April 30, 1968. All the years included in the consolidated statement of earnings are open to re-assessment. Accounts provided for income taxes payable are considered to be adequate. No items are under dispute.

## 6. Share Purchase Warrants

Of the authorized but unissued shares of the company, 50,000 Shares will be reserved for issue upon the exercise of the subscription rights evidenced by the Share Purchase Warrants accompanying the 7½% Sinking Fund Debentures, Series A.

## 7. Statement of Earnings

Canal Cartage (1968) Limited, an associated company was incorporated in April 1968. Since this company did not begin operations until late July 1968 and did not realize material earnings during the period, it was not included in the consolidated statement of earnings for the four months ended December 31, 1968. Had the sales of this associated company been consolidated, the net earnings for the period would represent 4.67% of sales instead of 7.36%.

## 8. Commitments

- (a) Minimum payments during the eight months ending August 31, 1969 and the five years following August 31, 1969 under long-term hire-purchase agreements on automotive equipment total \$1,019,582 and are as follows:

8 months ending August 31, 1969.....	\$ 140,017
Year ending August 31, 1970.....	213,023
1971.....	213,023
1972.....	205,846
1973.....	156,995
1974.....	90,678
	<u>\$1,019,582</u>

## Auditors' Report

To the Directors,

### LAIDLAW MOTORWAYS LIMITED

We have examined the consolidated balance sheet of Laidlaw Motor Leasing Limited and subsidiary company and the pro forma consolidated balance sheet of Laidlaw Motorways Limited and its subsidiary companies as at December 31, 1968 and the consolidated statements of earnings and retained earnings of Laidlaw Motor Leasing Limited and subsidiary company for the five years and four months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- the consolidated balance sheet and consolidated statements of earnings and retained earnings present fairly the financial position of Laidlaw Motor Leasing Limited and subsidiary company as at December 31, 1968 and the results of their operations for the five years and four months then ended, and
- the pro forma consolidated balance sheet presents fairly the financial position of Laidlaw Motorways Limited and its subsidiary companies as at December 31, 1968 after giving effect to the changes set forth in Note 1,

in accordance with generally accepted accounting principles applied on a consistent basis, except for the change in depreciation policy as explained in Note 5 to the financial statements with which we concur.

Hamilton, Ontario.  
May 21, 1969.

(Signed) McDonald, Currie & Co.  
Chartered Accountants

## **Certificates**

Dated: May 21, 1969.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), Part 7 of The Securities Act, 1967 (Alberta), Part VIII of The Securities Act, 1967 (Saskatchewan), Part VII of The Securities Act, 1966 (Ontario), section 13 of the Securities Act (New Brunswick), Part VII of The Securities Act, 1968 (Manitoba), under the Quebec Securities Act and by the respective regulations made under said Acts.

(Signed) M. G. DeGroot  
Chief Executive Officer

(Signed) Brian Reid  
Chief Financial Officer

On behalf of the Board of Directors

(Signed) H. Soule  
Director

(Signed) R. G. Groom  
Director

## **Directors**

(Signed) M. G. DeGroot

(Signed) R. G. Groom

(Signed) Jeromy Rutty

(Signed) B. Raxlen

(Signed) H. Soule

## **Underwriter**

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), Part 7 of The Securities Act, 1967 (Alberta), Part VIII of The Securities Act, 1967 (Saskatchewan), Part VII of The Securities Act, 1966 (Ontario), section 13 of the Securities Act (New Brunswick), Part VII of The Securities Act, 1968 (Manitoba), under the Quebec Securities Act and by the respective regulations made under said Acts.

DOMINION SECURITIES CORPORATION LIMITED

By: (Signed) D. H. Ward

The following includes the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Dominion Securities Corporation Limited: D. H. Ward, S. E. Nixon, F. H. Logan, J. H. Davie, T. P. N. Jaffray, J. G. K. Strathy, A. I. Matheson, W. E. Parker and P. Mackenzie.



## SCHEDULE

The Company will covenant in the Trust Deed substantially to the effect that so long as any of the Series A Debentures are outstanding:

- (1) it will not, nor will it permit any Subsidiary Company to, mortgage, hypothecate, pledge, charge or otherwise encumber any of the assets of the Company or of a Subsidiary Company to secure any indebtedness unless all of the Series A Debentures then outstanding shall have been, in the opinion of counsel, secured equally and ratably with or in priority to such indebtedness by instrument or instruments in form and substance satisfactory to such counsel, provided that the prohibition of this covenant (1) shall not apply to (i) security given to secure any Purchase Money Obligations or (ii) security given in the ordinary course of business and for the purpose of carrying on the same to any bank or banks or others to secure any indebtedness which is repayable or payable on demand or the due date of payment of which, including any right of extension or renewal, is within 18 months of the date when such indebtedness was incurred;
- (2) it will not permit any Subsidiary Company to create, issue, incur or assume any indebtedness except indebtedness to the Company or to another Subsidiary Company or to guarantee any indebtedness except of the Company or of another Subsidiary Company, provided that the prohibition of this covenant (2) shall not apply to (i) Purchase Money Obligations or (ii) indebtedness incurred in the ordinary course of business and for the purpose of carrying on the same to any bank or banks or others which is repayable or payable on demand or the due date of payment of which, including any right of extension or renewal, is within 18 months of the date when such indebtedness was incurred;
- (3) it will not dispose of, except to a Subsidiary Company, or permit any Subsidiary Company to dispose of, except to the Company or another Subsidiary Company, any indebtedness of a Subsidiary Company held by or for the Company or any Subsidiary Company;
- (4) it will not create or incur any Funded Obligations to mature prior to June 15, 1989 except that Funded Obligations maturing prior to that date may be incurred as part or the whole of any series of Funded Obligations which may be incurred in addition to the Series A Debentures and in respect of which series the requirements of covenant (5) below are complied with;
- (5) it will not create or incur any series of Funded Obligations which it is required in the year 1989 or any previous year to retire or to provide for retirement of (by serial maturities, payment into sinking fund or otherwise) in a principal amount which is a greater percentage of the aggregate principal amount of such series incurred prior to such year than the principal amount of the Series A Debentures, retirement of which is to be effected by sinking fund payments in such year, is of the aggregate principal amount of the Series A Debentures outstanding at the date of incurring such additional Funded Obligations, unless the Company shall, at the time of incurring such additional Funded Obligations, covenant with the Trustee to pay, on or before June 15 in such year, into the sinking fund for the Series A Debentures a sum sufficient to increase to such greater percentage the principal amount of Series A Debentures to be retired in such year through sinking fund payments, such additional payment to form part of the sinking fund for the Series A Debentures and to be applied by the Trustee in accordance with the provisions of the Indenture;
- (6) it will not create or incur any additional Funded Obligations unless, on the basis of a consolidation of the accounts of the Company and all other corporations which will be Subsidiary Companies immediately after the creation or incurring thereof,
  - (a) Consolidated Net Tangible Assets are an amount in excess of 2 times the aggregate principal amount of, and
  - (b) Consolidated Net Earnings Available for Interest (to be, among other things, after provision for normal depreciation) for any 12 consecutive calendar months selected by the Company of the 23 calendar months next preceding the date of the creation or incurring of such additional Funded Obligations shall have been at least 3 times the maximum annual interest requirements in respect of, all Funded Obligations and Purchase Money Obligations of the Company and the said Subsidiary Companies to be outstanding immediately after such additional Funded Obligations are created or incurred, excluding: (i) Funded Obligations and Purchase Money Obligations held by or for the Company and/or any Subsidiary Company or Subsidiary Companies; (ii) Purchase Money Obligations which are payable on demand or the dates of payment of which, including any right of extension or renewal, are less than 18 months after the dates on which they were incurred; and (iii) Funded Obligations and Purchase Money Obligations which are to be retired and in respect of which proof has been afforded to the Trustee satis-



factory to it that adequate provision has been made assuring that they will be retired within 45 days after the creation or incurring of such additional Funded Obligations;

- (7) it will not make any payment or distribution to its shareholders or any of them by way of dividend in cash or in specie or by way of purchase, redemption or reduction of capital stock which at the date of authorization by the directors of such payment or distribution would reduce Shareholders' Equity to an amount less than \$1,300,000; provided that the prohibition of this covenant (7) shall not apply to (i) the declaration or payment of cumulative preference share dividends, (ii) the declaration, payment or distribution of stock dividends or (iii) any payment or distribution by way of purchase, redemption or reduction of capital stock if made out of the proceeds of an issue of shares by the Company made concurrently with or prior to such purchase, redemption or reduction;
- (8) it will not permit any Subsidiary Company to issue any shares except to the Company or a Subsidiary Company or the directors of such Subsidiary Company to qualify them as such;
- (9) it will not:
  - (a) sell or otherwise dispose of any shares of any Subsidiary Company unless all the shares of such Subsidiary Company owned by the Company and/or by other Subsidiary Companies are sold or otherwise disposed of so that neither the Company nor any Subsidiary Company will own any thereof and the Subsidiary Company whose shares are being sold, does not own any indebtedness of the Company and does not own any shares or indebtedness of any Subsidiary Company, other than of a Subsidiary Company, all the shares of which owned by the Company and its Subsidiary Companies are being simultaneously disposed of; or
  - (b) permit any Subsidiary Company to sell or otherwise dispose of, except to the Company or another Subsidiary Company, any shares of another Subsidiary Company unless all shares of such last-mentioned Subsidiary Company owned by the Company and/or by other Subsidiaries are sold or otherwise disposed of so that neither the Company nor any Subsidiary Company will own any thereof and the Subsidiary Company whose shares are being sold, does not own any indebtedness of the Company and does not own any shares or indebtedness of any Subsidiary Company, other than of a Subsidiary Company, all the shares of which owned by the Company and its Subsidiary Companies are being simultaneously disposed of;

and upon any such permitted sale or other disposal (except to the Company or to any Subsidiary Company) it will submit the transaction to the Trustee with reasonable despatch and if, within 15 days of such submission, the Trustee advises the Company that, in the opinion of the Trustee, the sale or other disposal would otherwise be prejudicial to the holders of the Series A Debentures, an amount equivalent to the proceeds of such sale or disposal will be used forthwith by the Company to redeem or otherwise retire Series A Debentures or other Funded Obligations or Purchase Money Obligations ranking prior to or *pari passu* with the Series A Debentures (other than Funded Obligations or Purchase Money Obligations held by or for the Company and/or any Subsidiaries);

- (10) excepting, for all purposes of this covenant (10), sales or other disposals by the Company to a Subsidiary Company or by a Subsidiary Company to the Company or to another Subsidiary Company; if in any fiscal period of the Company, it and any Subsidiary Companies sell or otherwise dispose of any of their fixed assets and such sale or disposal results in the aggregate net proceeds of all such sales and disposals by the Company and all Subsidiary Companies in such fiscal period exceeding \$100,000, the Company will with reasonable despatch submit to the Trustee particulars of all such sales and disposals by the Company and all Subsidiary Companies and if, within 15 days of such submission, the Trustee advises the Company that, in the opinion of the Trustee, the sale or disposal would otherwise be prejudicial to the holders of the Series A Debentures, the Company will forthwith use an amount equivalent to such excess to redeem or otherwise retire Series A Debentures or other Funded Obligations or Purchase Money Obligations ranking prior to or *pari passu* with the Series A Debentures (other than Funded Obligations or Purchase Money Obligations held by or for the Company and/or any Subsidiary Company or Companies) and upon each sale or other disposal of fixed assets in such fiscal period by the Company or by any Subsidiary Companies after the disposal or sale which results in the aggregate net proceeds of all such sales or disposals by the Company and all Subsidiary Companies exceeding \$100,000 in such fiscal period the Company will submit particulars thereof to the Trustee with reasonable despatch and if the Trustee, within a like period of 15 days similarly advises the Company with respect to such subsequent sale or disposal, the Company will forthwith use an amount equivalent to the net proceeds thereof to redeem or otherwise retire Series



A Debentures or other Funded Obligations or Purchase Money Obligations ranking prior to or pari passu with the Series A Debentures (other than Funded Obligations or Purchase Money Obligations held by or for the Company and/or any Subsidiary Company or Companies).

The Company, in connection with any sale or other disposal contemplated in the foregoing covenants (9) and (10), may require the Trustee to execute and deliver such releases in respect thereof as may be necessary or desirable and the Trustee, at the Company's expense, shall comply with any such requirement.

The foregoing covenant (6) will not apply to, hinder or prevent (i) the redemption at any time prior to maturity of all the then outstanding Series A Debentures or (ii) the incurring by the Company of Funded Obligations for the purpose of refunding the whole of any series of Funded Obligations of the Company previously incurred provided that (except in the case of refunding all of the Series A Debentures) the aggregate principal amount of the new Funded Obligations does not exceed the aggregate outstanding principal amount of the Funded Obligations to be refunded; and none of the foregoing covenants will apply to, hinder or prevent the deposit of cash or obligations (other than obligations of the Company or a Subsidiary Company) in connection with contracts or tenders in the ordinary course of business or to secure workmen's compensation, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations, liens or claims incident to current construction or mechanics', warehousemen's, carriers' and other similar liens.

### **Definitions**

The following are the definitions hereinbefore referred to:

"Subsidiary Company" means:

- (a) any corporation designated as such by resolution of the directors of the Company and in which the Company owns such number of shares of such class or classes (other than preference shares) of the capital stock of such corporation as entitles it: (i) to receive, on any distribution of the assets of such corporation among its shareholders for the purpose of winding up its affairs, more than 50% of the amount to be distributed after deduction of the aggregate amount distributable to the holders of preference shares, if any; and (ii) to cast more than 50% of the votes at any general meeting of shareholders of such corporation excluding any votes attached to shares the holders of which acquire the right to such votes only upon the happening of a particular event or particular events and which voting right is subject to termination upon the happening of another particular event or other particular events; and
- (b) any corporation in which the Company and/or one or more other Subsidiary Companies owns or own such number of shares of such class or classes (other than preference shares) of the capital stock of such corporation as entitles it or them: (i) to receive, on any distribution of the assets of such corporation among its shareholders for the purpose of winding up its affairs, more than 90% of the amount to be distributed after deduction of the aggregate amount distributable to the holders of preference shares, if any; and (ii) to cast more than 90% of the votes at any general meeting of shareholders of such corporation excluding any votes attached to shares the holders of which acquire the right to such votes only upon the happening of a particular event or particular events and which voting right is subject to termination upon the happening of another particular event or other particular events;

provided that any Subsidiary Company shall cease to be a Subsidiary Company only upon sale or other disposal of all of its shares, resulting in neither the Company nor any other Subsidiary Company owning any thereof, as permitted by the foregoing covenant (9).

"Shareholders' Equity" shall mean the aggregate of the following amounts appearing on a consolidated balance sheet of the Company and its Subsidiary Companies prepared as of the date of the determination thereof in accordance with generally accepted accounting practice, namely: (i) paid up capital, (ii) retained earnings or deficit, (iii) contributed surplus and capital surplus (other than a capital surplus arising from a revaluation of assets), and (iv) deferred income taxes.

"Funded Obligations" means any indebtedness, whether secured or unsecured, incurred by the Company and/or any one or more Subsidiary Companies by way of creation, issue, guarantee, assumption or otherwise, which is not payable on demand and the due date of payment of which, including any right of extension or renewal, is 18 months or more after the date on which it was incurred, but does not include Purchase Money Obligations or indebtedness under leases or lease agreements with or without options to purchase.

"Purchase Money Obligations" means (i) any indebtedness (whether unsecured or secured by any mortgages, hypothecs, charges, vendors' privileges, vendors' liens or other encumbrances of or on the property ac-



quired) representing any unpaid part of, or incurred to provide the whole or any part of, the consideration for the acquisition of any property by the Company or by any Subsidiary Company (before or after becoming a Subsidiary Company) and which is incurred by the Company and/or any one or more Subsidiary Companies (before or after becoming Subsidiary Companies) by way of creation, issue, guarantee, assumption or otherwise, and (ii) any renewal, refunding or extension of any of the said indebtedness not in excess of the outstanding principal amount of the indebtedness being renewed, refunded or extended, in all cases being not in excess of 75% of the property being acquired.

"Consolidated Net Tangible Assets" means (after eliminating all inter-company items among the Company and its Subsidiary Companies) the excess of (i) the total value of Consolidated Current Assets and of the following assets of the Company and of its Subsidiary Companies to the extent that such assets have not been included in Consolidated Current Assets, namely: land, buildings, plant, machinery, equipment and all other similar assets; mortgages, shares in any other corporation (not being a Subsidiary Company) and all other investments (at cost less adequate allowance as required in the opinion of the Company's auditors); prepaid insurance and other prepaid charges; cash surrender value of life insurance policies payable to the Company and/or any of its Subsidiary Companies; operating authorities; excess cost of shares of Subsidiary Companies over book value of net assets; and any other assets which, in the opinion of the Company's auditors, may properly be treated as tangible assets—over—(ii) all liabilities of the Company and its Subsidiary Companies other than liabilities to shareholders with respect to capital stock, surpluses of any nature (including in such surpluses any reserve in respect of tax reductions or deferred taxes and any reserves constituting in the opinion of the Company's auditors a voluntary segregation of surplus and not deducted from assets) and liabilities in respect of the principal amount of Funded Obligations and in respect of the principal amount of Purchase Money Obligations which are not payable on demand and the due dates of payment of which, including any right of extension or renewal, are 18 months or more after the dates on which they are incurred. Contingent liabilities shall not be included in liabilities except to the extent, if any, which the Company's auditors, in their opinion, consider they should be. Values of land, buildings, plant, machinery, equipment and all other similar assets shall be determined as follows: (i) the values of such assets of the Company and of those corporations which, at the time of the issuance of the Series A Debentures, are Subsidiary Companies shall be those at which they are shown in the consolidated balance sheet of the Company as at December 31, 1968, less accumulated depreciation as at that date, plus subsequent additions thereto at cost, all less adequate provision for depreciation from December 31, 1968 or subsequent date of acquisition; and (ii) the values of such assets of any other Subsidiary Company shall be the values at which they were carried in the books of such Subsidiary Company at the time it became a Subsidiary Company, less accumulated depreciation at that time, plus subsequent additions thereto at cost, all less adequate provision for depreciation from the time at which such Corporation became a Subsidiary Company or subsequent date of acquisition; provided that in lieu thereof the Company may, at its option, take as the values of all or any of such assets the values established by the report or reports of an independent appraisal company or independent appraisal companies less depreciation, if any, as shown by such report or reports, plus subsequent additions thereto at cost, all less adequate provision for depreciation from the date or dates of such report or reports or subsequent date of acquisition. The value of all assets and the amount of all liabilities shall be computed from a pro forma consolidated balance sheet of the Company and its Subsidiary Companies, as at a date not more than 180 days prior to the date of the action requiring determination thereof, adjusted to give effect to the proposed action and if such proposed action is the incurring of additional Funded Obligations to give effect to the application of all of the proceeds thereof, and the retirements, if any, referred to in the foregoing covenant (6), all as determined on a consolidated basis with due allowance for minority interests, if any, and all as reported upon by the Company's auditors as at the date of such pro forma consolidated balance sheet and without, in their opinion, material adverse qualification. All computations of Consolidated Net Tangible Assets shall take into account any substantial changes in Consolidated Net Tangible Assets from the date of such pro forma consolidated balance sheet to the date of the action requiring determination thereof or to be effected concurrently with such action.

"Consolidated Net Earnings Available for Interest" for any specified period of 12 months means (after eliminating all inter-company items among the Company and its Subsidiary Companies) the aggregate excess, during such period of 12 months, of (i) the gross operating revenues of the Company and its Subsidiary Companies and dividends (other than stock dividends) received from other companies, interest, revenues and other income derived from all sources (exclusive of profits on the disposal or loss of fixed assets and investments and other non-recurring items in excess of \$25,000 in the aggregate in such period)—over—(ii) all administration, selling and operating expenses of every character (exclusive of losses on the disposal or loss of fixed assets and



investments and other non-recurring items in excess of \$25,000 in the aggregate in such period and exclusive of amortization of debt premium, discount and expense, and any charges made against earnings for the purpose of amortizing the book value of intangible assets), including, but without limiting the generality of the foregoing, insurance premiums, interest (other than interest on Funded Obligations and on Purchase Money Obligations which are not payable on demand and the due dates of payment of which, including any right of extension or renewal, are 18 months or more after the dates on which they were incurred, which interest shall not be considered to be an administration, selling or operating expense for the purposes of this definition), rentals, fees, payments for licences, and provision for normal depreciation and taxes (other than income and profits taxes, which taxes shall not be considered to be an administration, selling or operating expense for the purposes of this definition); all as determined on a consolidated basis in accordance with generally accepted accounting principles and reported upon by the Company's auditors without, in their opinion, material adverse qualification; provided that if the Company and/or any one or more of its Subsidiary Companies shall have acquired, within or after the period of 12 months for which Consolidated Net Earnings Available for Interest is being determined but prior to or concurrently with the incurring of the Funded Obligations in respect of which such determination is being made: (i) properties which within such period were used or operated in a business similar to that in which they are or are to be used or operated by the Company and/or such Subsidiary Companies; (ii) any business or part thereof by way of acquisition of assets; or (iii) any business by way of acquisition of shares of a company which shall have become a Subsidiary Company; then the earnings of such properties or of such business, as the case may be, for the whole of such period of 12 months may be included as if such properties had been owned by the Company and/or such Subsidiary Companies during the whole of such period or as if such business had been acquired prior to the commencement of such period, as the case may be; and provided further that if the Company and/or any one or more of its Subsidiary Companies shall have become committed under an agreement to purchase (i) properties which within the whole of the period of 12 months next preceding the date of such determination were used or operated in a business similar to that in which they are proposed to be used or operated by the Company and/or such Subsidiary Companies; (ii) any business or part thereof by way of acquisition of assets; or (iii) any business by way of acquisition of shares of a company (which, at the date of such determination, would qualify as a Subsidiary Company if such agreement to purchase was then completed and the company was so designated and which the Company covenants to designate as a Subsidiary Company forthwith after completion of the transaction); at the time at which Consolidated Net Earnings Available for Interest is being determined, as aforesaid, then for the purposes of such determination such purchase shall be deemed to have been completed concurrently with the incurring of the Funded Obligations in respect of which such determination is being made and the earnings of such properties, business or company, as the case may be, for the whole of such period of 12 months may be included as if such properties, business or company had been owned by the Company and/or such Subsidiary Companies or as if such company had been a Subsidiary Company during the whole of such period unless in the opinion of the Company's auditors the Company does not have access to data sufficient to enable auditors to determine such earnings in which case such earnings shall be disregarded. A declaration by the directors of the Company that the Company and/or any one or more of its Subsidiary Companies has become committed under an agreement to purchase such properties, business or company, as the case may be, and that adequate provision for the purchase price thereof has been made shall be conclusive and binding for the purposes of this provision.

Any determination of Consolidated Net Tangible Assets or Consolidated Net Earnings Available for Interest having been made and reported upon by the Company's auditors without, in their opinion, material adverse qualification the amount thereof at the date of the action requiring determination thereof shall be conclusively deemed to be not less than the stated amount thereof in such determination and such determination shall be conclusive and binding for all purposes of the Indenture.

For the purposes of the foregoing covenant (10) "fixed assets" shall mean land, buildings, plant, machinery, equipment and all other similar assets (excluding, for the purposes of the foregoing covenant (10), office furniture and equipment); and in determining the amount of the net proceeds of any sale or other disposal of fixed assets for the purposes of the foregoing covenant (10) there shall be deducted the principal amount of any indebtedness secured on such fixed assets which is assumed by the purchaser or paid off out of the proceeds of, or as incidental to, such disposal.

The expression "series of Funded Obligations" shall extend to a single Funded Obligation if issued other wise than as part of a series.

All calculations contemplated by the foregoing definitions shall be made in accordance with generally accepted accounting principles and on a basis most favourable to the Company in the circumstances.